

FINANCIAL TIMES

No. 26,711

Monday July 7 1975

** Up

Travis & Arnold

Timber, Building Materials, Heating and
Plumbing Equipment for the Construction
and Allied Trades. Northampton 52333

NEWS SUMMARY

GENERAL BUSINESS

Callaghan Giro ends lying to Zaire for talks on Jganda

Mr. Callaghan, the Foreign Secretary, is flying to Kinshasa, the Zairean capital, where he is expected to arrive tomorrow.

British-Ugandan relations with President Mobutu Zaire, who is acting as mediator at President Amin's request.

They will talk of the case of a death sentence by Gen. Amin, but Mr. Callaghan's main aim is to get talks with Gen. Amin, who is acting as mediator at President Amin's request.

President Mobutu was understood to have given assurances at Mr. Callaghan's visit to Kampala, but Uganda Radio reported last night that after a Foreign Office announcement, that Gen. Amin was flying to Somalia to see the Somali President, who is outgoing chairman of the Organisation of African Unity. Back Page

Stonehouse team lies to U.K.

Lawyers representing Mr. John Stonehouse and Mrs. Sheila Buckley, his secretary, left London for London after taking instructions. Both are in prison till their extradition on July 15. Mr. Stonehouse faces charges of fraud, forgery, theft and conspiracy, and Mrs. Buckley of theft and one of conspiracy.

Day beds clash

Delegates at 30,000 hospital beds at a BMA conference in London voted for total rejection of the Government decision to close private beds out of the National Health Service. The BMA's annual meeting opens today. Back Page

Carlos' named

After confirming the reality of Carlos Sanchez, the leader of an international terrorist network, he is in London until five months ago with his mother and two others. French police believe they have led to the Lebanon terrorist shooting two French secret agents and a Palestinian former in Paris two weeks ago. He is a Venezuelan communist lawyer, Sanchez, attended school in the Soviet Union.

Teacher returning

British schoolteacher Mary Tyler was due to fly to London on Calcutta after more than 10 years in India's State. The Indian Government had dropped charges against Miss Tyler, a member of the Maoist Naxalite movement.

ape 'bingo'

After judgments on rape cases, a "bingo" was held at the MP Jack Ashley wrote a letter to the Lord Chancellor, Lord Elwyn-Jones. "It determines the vital, but fragile, concept of confidence in the law."

ombors foiled

On time bombs planted on the way to an Orange parade in London, County Armagh, were defused by Army bomb experts only a few minutes before the parade was due to go past.

IPs 'converted'

Many former opponents of live broadcasting from Parliament have been converted by the four-week experiment which ended last week, said Mr. Ed Boyle, literary editor of Independent on Sunday. Back Page; Editorial comment, Page 12

lea for disabled

Local councils are failing to bid housing for the disabled, according to the Central Council for the Disabled, which today has a three-day conference. The conference will be opened by Housing Minister Reg Freeman. Council director once Wilson said: "Only two local authorities have completed more than ten buildings."

riefly . . .

people, one a child, scrambled for their motor boat sank in Hapishburgh, Norfolk.

ambled champion Arthur the new to the U.S. after losing the traditional start of the Wimbledon Ball with women's champion Billie Jean King.

9,000 Premium Bond winner last week was the owner of No. 10, 34360, living in London.

The Financial Times (Iran) won the multi-class class Saturday's Round the Island triathlon, David Palmer, the led FT, reports on Page 2.

Wilson prepares appeal to miners over £100 pay call

BY ROY ROGERS IN SCARBOROUGH

Pressure on miners' leaders not to line up behind a Left-wing call for a basic rate of £100 a week for coal-face workers will be stepped up here to-day when the Prime Minister addresses the National Union of Mineworkers' delegate conference on the eve of their crucial pay debate.

Mr. Wilson is only too aware that the Government's attempt to limit the next round of annual wage deals to 10 per cent or around 15 a week—whether by voluntary or statutory means—will be jeopardised if the miners adopt the £100 call being spearheaded by Mr. Arthur Scargill, the militant president of the Yorkshire miners.

When he arrives to address the 267 delegates representing Britain's 260,000 miners, Mr. Wilson will find their leaders still deeply divided over the Yorkshire claim, which would give basic rate increases of up to £39 a week.

Mr. Wilson's key address will be the climax of a campaign to try to moderate miners' pay aspirations. Waged over recent months, this campaign has included a series of speeches by Ministers and Sir Derek Ezra, chairman of the NCB (who addresses the conference tomorrow), stressing that a big pay deal for miners would spell disaster for the industry because it would reverse its competitive position against oil.

Further moves against the Yorkshire claim, which Mr. Scargill last night insisted must go public and private sectors to exceed the Chancellor's proposed 10 per cent. norm for wage increases, and to give the Government the right to set cash limits for wage increases by local authorities.

The Government can already, without legislation, tighten the Price Code so that either the whole or part of any excessive wage settlement should not be passed on to the customer in higher prices.

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Building society receipts fall

BY SANDY McLACHLAN

THERE ARE signs that the net inflow of funds to the building society movement is running below the very high levels of the last two months. Last month's figures to be published this week are not only expected to show net receipts considerably lower than the £406m. in April—regarded as a freak month—but also the £317m. in May, which was still the second best month in the history of the movement.

Recent developments which would have affected receipts by the societies included a reduction in the investment rate at the beginning of the month by 1 per cent, to 7 per cent. tax paid.

The introduction by the Government of index-linked bonds for pensioners was also expected to have a marginal effect on the societies' net inflow.

Even a marked fall in the inflow of funds last month would be unlikely to produce any noticeable change in the immediate availability of mortgage funds.

Much of the very big net inflow in the first five months of this year still has not filtered through to the mortgage market in terms of higher branch quotas for managers to lend.

Uncertainty

Instead, through a mixture of prudence and some indecision, most societies have built up their level of liquidity to what would be regarded historically as extremely high levels.

It is probable that liquidity ratios of 25 per cent. or more are the rule rather than the exception at present. In steadier times, societies have been happy to operate with liquidity ratios of 12 to 14 per cent., so that there is a comfortable cushion now which can be used to keep an even flow of funds into mortgage advances, even if the net inflow does dip a bit, and also to meet any increase in withdrawals over the next few months.

In the present climate of economic uncertainty, the building societies want to be seen as capable of coping with any possible increase in withdrawals.

A degree of uncertainty stems from a desire on the part of the movement to escape any blame for fuelling a new spiral in the price of owner-occupied property. This is what would happen if they released all of this year's considerable net inflow into the mortgage market over a short period.

In spite of the high level of liquidity, the commitment during May to lend £458m. to house purchasers was near the record level.

On the Left, Mrs. Barbara Castle is regarded by her colleagues as being definitely not in a resigning mood. Mr. Michael Foot, the Employment Secretary, is felt likely to accept any Labour Party agreement to Mr. Jones, leader of the Transport Workers, who has been working

Continued on Back Page

Israel should 'take chance' —Kissinger

BY PAUL LEWIS, U.S. EDITOR

WASHINGTON, July 6

DR. HENRY KISSINGER, U.S. Secretary of State, today called on Israel to "take a chance" for the sake of peace in the Middle East by making further territorial concessions to Egypt in Sinai.

His remarks, made in a television interview, offer fresh evidence of the pressure the U.S. Administration is putting on the Israelis in its efforts to promote another Sinai disengagement pact.

The Secretary of State's statement came as the Israeli Cabinet was meeting in Jerusalem to consider withdrawal from the strategic Mitla and Gidi passes in Sinai, in spite of its earlier dissatisfaction with the limited political concessions Egypt was prepared to offer in return.

Military aid

The interview also coincided with Dr. Kissinger's departure to Europe for another meeting with the Soviet Foreign Minister, Mr. Andrei Gromyko, at which the Middle East and nuclear arms limitation are expected to be the principal subjects for discussion.

Dr. Kissinger said that the choice before the Israeli Government was difficult and would present problems whatever the decision. The U.S. sympathised with the Israeli dilemma and understood the Government's fears about giving up further territory in Sinai.

"But we feel that they must take a chance on making progress towards peace, because any other approach is going to lead to war, sooner or later, which is going to have serious consequences above all for the people of Israel."

If the Israelis took this chance, the Ford Administration would look more favourably on the requests for further military aid and general diplomatic support in any reconvening of the Geneva Peace Conference this year. "The U.S. will stand behind them in conditions in which we can reasonably say to our people that progress is being made," he said.

Alternating

The Israelis have asked the U.S. for a total of \$2.5bn. worth of military and financial aid during the fiscal year that began this month and, although Congress has made little trouble about such requests in the past, the Administration has for some time been hinting that its own attitude would depend on Israel's co-operation with its peace initiatives.



Dr. Kissinger . . . a difficult choice.

Since Mr. Yitzhak Rabin, the Israeli Prime Minister, came here a month ago, the U.S. view of the Middle East seems to have been alternating rather wildly between optimism and gloom.

Mr. Rabin's talks with President Ford ended amid hints of further progress and a possible resumption of Dr. Kissinger's "shuttle diplomacy" this summer.

More recently, however, the mood in Washington has become more pessimistic and there have been signs of rising irritation with the Israelis in the last two weeks.

The Americans were annoyed by an alleged "leak" of detailed withdrawal proposals by the Israelis and although the White House denies that President Ford recently handed the Israeli Ambassador an ultimatum, their very brief meeting last week seems to have been the occasion for an important communication of some kind.

Editorial Comment, Page 12

Other Middle East News, Page 3

Cabinet picks weapons to fight inflation

BY JOHN BOURNE, LOBBY EDITOR

THIS WEEK, probably on Thursday morning, Mr. Harold Wilson's Government will face its most crucial economic decision since 1966. It is committed to drawing up its anti-inflation proposals in a White Paper—possibly to be published the same day, but more likely on Friday.

The Cabinet's first decision on Thursday will be whether the TUC-General Council's statement on Wednesday on wage restraint will be firm and effective enough—many Ministers doubt it will.

The second is what legislative powers in that case should the Government choose—immediate statutory measures to regulate the size of wage increases employers can raise, or only reserve powers which could be triggered at a later date by an Order if necessary.

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Whitlam calls back Parliament over loan raising row

BY KENNETH RANDALL

CANBERRA, July 6

MR. GOUGH WHITLAM, the Australian Prime Minister, has called Parliament back from its winter recess for a special sitting on Wednesday in an attempt to dispose once and for all of the damaging controversy over the Government efforts to raise up to \$44bn. in petro-dollar loan funds.

Mr. Whitlam's decision to take the offensive is a recognition of the seriousness of the political damage already done by recent disclosures and allegations over semi-landslide loan-raising activities culminating last week in the sacking from the Cabinet of Dr. Jim Cairns, deputy Prime Minister.

According to the Labour Party, it also reflects the Prime Minister's confidence that the Opposition, when put to the test, will have no evidence or substantive charges to present.

Mr. Whitlam announced during the week-end that he would table in Parliament all documents relevant to the loan-raising issue including those involving Mr. Rex Connor, the Minister of Mineral and Energy, and his dealings with London businessman Mr. Tirban Khemlani. He has offered advance access to the papers to Mr. Malcolm Fraser, the Leader of the Opposition, on condition that the Opposition reciprocate with any documents which it intends to use.

Mr. Whitlam said the Opposition was being given the chance "to put up or shut up". Mr. Fraser to-day was non-committal about such a deal and about likely Opposition tactics at the special sitting.

After Mr. Whitlam announced yesterday morning that he was

enough Labour Party dissidents over the sacking of Dr. Cairns, the Deputy Leader, to defeat the Government.

If the Opposition could muster its full strength, which would be difficult, it would need only two Labour Party abstentions to deprive the Government of its majority in the House.

Mr. Whitlam is concerned about Labour reaction as much as about any threat from the Opposition. Senior party officials and state leaders have been publicly urging him to establish a judicial inquiry into the loan-raising affair as proposed by Mr. Fraser. He has become increasingly angry at the criticism of his own role, particularly in sacking Dr

BY JUSTINIAN

The hearing before the Court of Appeal lasted the whole of the Whitsun term (some 40 days) and the Lords Justices of Appeal have already made comments about the length of time and expense involved in the hearing of the appeal.

In June 1972 another Spanish company, called Rumasa S.A., took over Bertola and from that moment difficulties arose. The new management of Bertola took a dislike to the distribution agreement between Evans

In an age of economic stringency, the lawyers cannot escape the responsibility of devising an effective and efficient system for the resolution of disputes that does not involve an inordinate amount of judicial manpower and does not cost more than is reasonable for the type of dispute.

BY OUR DARLINGTON CORRESPONDENT

A council deputation of five will meet Mr. John Smith, the junior Minister for Energy, on Wednesday to press the yard's need for work to maintain a stable labour force.

The company says the cutback is necessary because it has only one order in hand—a contract for a platform for Burmah Oil Development's Thistle Field. This rig is of a simpler design and is less labour intensive than

A development council spokesman said the deputation would emphasise the need to help keep such a skilled and successful workforce together.

BBC 1

1.30 **Pop.** Andy Pandy. 1.45 **A**
4.20 **Regional News** (except **1**
London). 4.25 **Play School.** 4.50 **1**
The Wombles. 4.55 **Screen Test.** 1
5.15 **Hong Kong Phooey** (cartoon). **N**
5.40 **Captain Pugwash.**
5.45 **News.**
6.00 **Nationalwide.** **V**
6.40 **Sportstown.** **s**
7.20 **Star Trek.** **1**
8.10 **Panorama.** **1**
9.00 **News.** **U**
9.25 **The Monday Film:** "The
Vivacious" starring **Joan**
Fontaine.
10.55 **Read All About It.** **N**
11.23 **Regional News.** **S**
All Regions as BBC-1 except at
the following times:—

Wales—11.00 a.m.—1.30 p.m. (and 4.00-4.15) Cricket: Glamorgan v Australia. 1.30-1.45 Pili Pala. 4.00-4.40 Wales To-day. 7.20-7.40 Heddlw. 7.40-8.10 Sykes. 10.55-11.25 Cwestiwn Arall. 11.25 News of Wales.

North (from Leeds, Manchester, Newcastle); †Midlands To-day (from Birmingham); †Look East (from Norwich); Points West (from Bristol); †South To-day (from Southampton); †Spotlight South West (from Plymouth).

ACROSS	
1	A goddess to entertain (5)
4	Solved—after it stopped raining (7, 2)
7	The dizziness of the blind (5, 10)
9	Held a traffic and tied (4, 1, 4)
11	Soldier returning in vehicle needs a smoke (5)
22	Joined one with the editor (5, 10)
3	Some French bird returning to wash (7)
5	Do its fumes inflame with anger? (7)
8	Foiled one to the south to estimate (6)
10	Possess the right to talk nonsense (5)
12	Religious article with nothing resembling (9)
13	What Shakespeare died settled on north in sets (8, 7)
14	Tormentors but the joke belongs to a fellow (9)
15	Obsession of the law eastern (8, 7)

DOWN

Glowing state of a lover (6)
Encouraged breaking up of
ground round the east (8, 5)
Frequently clearing the
garden at the end of the
season (10, 5)
Freed from guilt and settled
Presented last ring and married
(7)
Still all to sack of sound
(8, 2, 7)
Sprinkler used for excavat-
ion (10, 5)
Dad's attempts to produce
food (8)
The last drink—taken to
bed (8)
Always before male becomes
primitive (7)
The greatest final (7)
Passes strangely round one
for sterility (7)
Mean to imply and hint (7)
Misbehaves, having drink
after theatrical performance

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

CRICKET

BY TREVOR BAILEY

Woolmer, Gooch new Test hopes

Woolmer underlined his all-round skill with two impressive knocks and a fine spell of bowling, which included a hat-trick in the Australian first innings when the atmosphere encouraged some movement.

He is a natural for the limited-over game, but whether he possesses sufficient penetration as a batsman is another question.

The England selectors have chosen 13 for the First Test starting at Edgbaston on Thursday. M. Denness, D. Amis, C. Arnold,

Lauda wins French Grand Prix

The early laps were marked by a spectacular race through the field by Clay Regazzoni, but after

McLaren; 5. Mario Andre
(U.S.), Pernelli PC1; 6. Patri
Depailler (France), Tyrell-Ford

WIMBLEDON

By JOHN BARRETT

Ashe gives the final twist

Everyone now knows the Ashe, executing his well-conceived plan to perfection, had famous four-set victory, 6-3, 6-1, 5-7, 6-4 that earned him

to blast his return of Connors' serve and chipped quietly to the feet if Connors came in. If he stayed back, Ashe came in himself, often on shorter balls down the middle of the court.

YACHTING

ROUND THE ISLAND RACE

Golden Apple first overall

By **DAVID PALMER**, News Editor, who sailed FT to victory in the multi-hull class

On Saturday, the sun shone all day and the tide was out. The boats set off early for the Cowes starting line, and when wives are welcome aboard.

Huge spread

When FT rounded the Needles, there must have been 70 boats ahead of her. Over the next miles to St. Catherine's she

HENLEY REGATTA

By MICHAEL DONI

A Grand victory for Britain

The Princess Elizabeth Cup for boys' rowing championships at Nottingham at the end of August. The Princess Elizabeth Cup for boys' rowing championships at Nottingham at the end of August.

The Potomac Boat Club from the U.S. came through from behind in the Stewards' Challenge Cup to beat Lady Margaret Boat Club.

RACING

BY DOMINIC WIGAN

'Star' has very little appeal

Driven through a narrow gap between hot favourite Nobiliary and Taros just inside the final furlong marker, Star Appeal stretched out in impressive style to forge clear and pass the post two lengths ahead of Taros. The game but luckless Royal Manacle

WOLVERHAMPTON
7.40—Orchy*
8.10—Dusky Pearl
WINDSOR
6.35—Virginia Wade
7.35—Midsummer Lad
8.05—Strand to Reason
8.35—Euston

—and the afternoon card
Edinburgh, the two best
could be Mujon and For
Trooper, both of whom run
Edinburgh. Mujon, who is
fine heart, held off Red D
gamely over six furlongs
Aintree recently and will
well-suited by the return to t
minimum trip in the Mus

Tartan Trooper, disappointed on his last run, needs only reproduce the form he showed when narrowly failing to win with Teasel at Brighton a month ago to land the weakly contest.

by GARRY O'CONNOR

**The Entertainment
Guide is on Page 8**

stival Hall

by GILLIAN WIDDICOMBE

Other Place Stratford-upon-Avon

by MICHAEL COVENEY

eterlee is the place to be

by MAX LOPPERT

Glyndebourne

by GILLIAN WIDDICOMBE

Milligan at the
Mermaid

John Pritchard's conducting was first rate on Friday, often underlining with the orchestra those sections which has singers left wanting, such as the deep romantic feeling of the final "Giordani"/Ferrando duet. In the first act, Mr. Pritchard wasted no time and tempo, and was considerably faster and more sparkling than those currently taking over. Colin Davis at Covent Garden, Davis makes two long larges out of the farewell quintet, and follows up with an even slower tempo for the trio "Soave sia il vento"; but Pritchard rightly sticks to rather fast, hannish

Hypobank International S.A.
The National Bank of Australia
The Royal Bank of Scotland
Toronto Dominion Bank

Banque Nationale de Paris



The American War of Independence

1775-1783

by ANTHONY CURTIS

This announcement appears

as a matter of record only

at the Round House they will visit the Theatre Royal, Norwich (July 21 for one week), and immediately after, the Oxford Playhouse (in August for one week). Following these appearances they will perform *Rengas Moi* at the Shiraz Festival in Iran.

Arts news in brief

Over 1,000 young musicians, dancers and singers, from 15 countries, will participate in the Seventh International Festival of Youth Orchestras and the Performing Arts this month. A before, the activities will be divided between Scotland and London.

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This announcement appears as a matter of record only

May 1975

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HOME NEWS

'Cheap medicines cost Britain export earnings'

BY RAY DAFTER

THE LOW costs of medicines in the U.K. is having a serious effect on overseas earnings, according to the pharmaceutical industry.

The Association of the British Pharmaceutical Industry says in its annual report, published today, that the industry's export earnings have fallen by 10 per cent in the last year, compared with 3 per cent for manufacturing industry as a whole.

A reasonable return was also needed to fund research. "Modern society expects and demands good health — I am confident that the pharmaceutical industry will continue to fulfil the needs of the community."

The report is published at a time when the industry and Government are locked in negotiations over the level of promotion of drugs. The Department of Health says that the industry spends too much on advertising and promotion; the industry maintains that they are an essential part of informing doctors about the properties of new and existing products. It is also claimed that an obligatory cut-back in promotion could further undermine the confidence of the pharmaceutical manufacturers.

Advertising of drugs, Page 32

discouraged by Government to invest, he says. "Our own outstanding investment record has enabled us to maintain a growth rate of almost 10 per cent a year, compared with 3 per cent for manufacturing industry as a whole."

A reasonable return was also needed to fund research. "Modern society expects and demands good health — I am confident that the pharmaceutical industry will continue to fulfil the needs of the community."

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Advertising of drugs, Page 32

Building industry 'heads for 250,000 jobless'

BY ARTHUR SMITH

A WARNING that unemployment is heading for 250,000 in the worst recession suffered by the construction industry since the 1930s comes today from the National Federation of Building Trades Employers.

Mr. Ernest Smith, the federation president, said such a level of unemployment might be hit within the next three months on present trends.

Pointing to Department of Employment figures showing 160,000 people out of work in the industry, he said the federation's latest survey indicated the situation would get much worse.

All sectors were being hit and some 55 per cent. said they were already working at 75 per cent. capacity or less. This proportion was expected to rise to 71 per cent. in six months and there was no reliable sign of any recovery in prospect.

"Our case is that with a still

rapidly falling work-load, with unemployment now heading for a quarter of a million — the trade inquiry suggests, with our intake of apprentices falling sharply, with general business confidence in the industry running at an all-time low, the building industry is carrying too much of the crisis burden," Mr. Smith declared.

At least 100,000 operatives had left the industry, many of them for good. Such a situation was "absolutely disastrous" as the construction sector would be unable to cope with demand once the national economy recovered.

"With building now accounting for close on a fifth of the total unemployed we believe that our position calls for really sympathetic consideration, even if it means cutting down expenditure elsewhere," Mr. Smith added.

Powell call for single Unionist leadership

By Our Own Correspondent

BELFAST, July 6.

ENOCH POWELL, Unionist MP for South Down, tackled two of the most controversial issues in Unionism during a week-end rally at Kilkeel, his constituency.

He called for a single leadership for all the strands of Unionism — a leadership which would be one and the same in Parliament and the constituency; at Westminster and in Ulster; at HQ and, so long as the convention lasted, in the convention.

This was taken as a call for the formation of a single Unionist party — an issue which is due to be discussed at a meeting of the Unionist coalition's steering committee at the beginning of next month.

It was also being noted that Mr. Powell's conditions for a single Unionist leader — that he be both an MP and a member of the Convention — meant that only two men could qualify, Mr. William Craig, the Rev. Ian Paisley and Mr. James Kilfedder, MP for North Down.

Mr. Kilfedder can be discounted as a possible leader and of the other two Mr. Craig has been pressing most strongly for the formation of a single party from the present three coalition parties, while Mr. Paisley is believed to be the Unionist leader most strongly opposed to the idea.

Mr. Powell left no doubt that in his view a Unionist must obey the will of Parliament. But another Unionist, Mr. John Taylor, took the opposite and more popular view when he said in another speech that loyalty to Ulster was more important than loyalty to the U.K.

EEC rules on drivers' hours

Regulations to be introduced next January on EEC lorry drivers' hours could cost British industry £200m. a year, the Freight Transport Association has told the Department of the Environment.

Coming on top of the estimated £250m. a year cost of introducing tachographs, to monitor drivers' hours, the combined burden would, the FTA says, be extremely serious in the present economic circumstances, and it urges a deferment of both requirements.

The regulations, if introduced, would reduce the driving day for lorry drivers from ten to eight hours and limit the distance drivers of the heaviest vehicles could drive to 280 miles a day.

Wage curb 'will not reduce inflation'

BY MICHAEL BLANDEN

DIRECT CONTROLS of wages and prices would have at best only a transitory effect on the level of inflation which threatened to develop into an "unstoppable hyper-inflation" in 1977, according to Professor Michael Parkin of the University of Manchester.

Professor Parkin, writing in this month's issue of *Lloyds Bank Review*, takes a strongly monetarist view of the measures needed to avoid this danger.

His comments, clearly written before the Government's new measures, nevertheless suggest that the proposed ceiling on wage claims is not the right way to achieve the necessary reduction in the level of inflation.

He foresees that the inflation rate will moderate somewhat this year and fall more strongly in 1976 and 1977. His own prediction is that the rate will come down to the "middle teens" at its trough in 1977.

Thereafter, however, given the size of the borrowing requirement and given no substantial rise in interest rates, there would be a further upturn, accelerating to "extremely high levels" in the latter years of this decade.

Given the time lags in the response of the inflation rate to monetary policy and the importance of price and wage controls, the policies which needed to be introduced now should be directed not to making inflation come down more quickly over the next two years, but to preventing a further upturn in its rate in 1977.

A combination of two things was vital. "First, the public sec-

CONSUMER CONFIDENCE

Market verdict brings cheer despite inflation

BY SANDY McLACHLAN

INFLATION remains the biggest single shadow falling over consumer expectations, but perhaps surprisingly fears on this score have been weakening progressively over the past three months.

Indeed, inflationary fears figured less prominently in consumers' minds in June than in the same month in the two previous years.

This is one of the conclusions to be drawn from the latest survey of consumer expectations undertaken for the *Financial Times* by the British Market Research Bureau. The survey is based on a nationally representative sample of 1,048 adults interviewed between June 5 and June 11 — mainly after the referendum result was known.

The findings made it clear that the Common Market issue was uppermost in most people's minds. There was a sharp improvement in consumer confidence from -38 per cent to -16 per cent for all adults and -43 per cent to -17 per cent among ABC1 men.

Durables

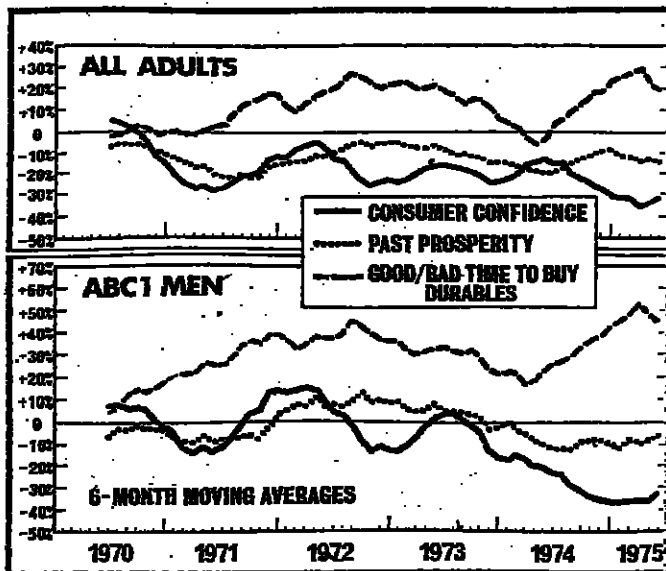
The produced the first improvement in the six month moving average since last August, when it lifted the index from its low of -35.1 per cent to -31.7 per cent.

Of those people who were optimistic about future prospects, 44 per cent spontaneously gave the referendum result as their main reason. But the past two months' figures have brought about a sharp reduction.

In May the previous improvement of the 25 per cent VAT on their main reason. But the past two months' figures have brought about a sharp reduction.

The 30-acre site handles eight white oil grades from the Esso refinery at Milford Haven for distribution throughout the Midlands to garages, industry and homes.

The loading bay complex has a built-in drenching system which in an emergency would wash the area with a blanket of foam within seconds.



tions jumped from 5 per cent in May to 24 per cent in June. The index, which charts people's willingness to buy consumer durables, remains at a high level of +19.3 per cent for all adults and +44.7 per cent among ABC1 men, but the past two months' figures have brought about a sharp reduction.

In May the previous improvement of the 25 per cent VAT on their main reason. But the past two months' figures have brought about a sharp reduction.

Esso terminal £2m. face-lift

By Our Midlands Correspondent

A £2m. modernisation of Esso's oil terminal at Bromford, Birmingham, will substantially reduce its reliance on rail transport.

Bromford is one of the termini of the recently commissioned 3.5m.-gallons-a-day Mainline Pipeline from Milford Haven, which runs on through Nottingham to Manchester.

The 30-acre site handles eight white oil grades from the Esso refinery at Milford Haven for distribution throughout the Midlands to garages, industry and homes.

Difficult six months for magazines

BY ARTHUR SMITH

MAGAZINE PUBLISHERS had a difficult first six months this year, according to the Periodical Publishers Association.

Later reports suggested that both sales and advertisement revenues had shown a slight increase on last year, but profits were down.

It was encouraging that revenue was holding surprisingly well, but there were "danger signals" which should not be ignored, said Mr. David Burnett, the association's director.

"During the next few months we will have to re-examine whole question of credit facilities to advertising agencies for although most agents adhere to publishers' terms, the few that do not are disturbing publishing economics," Mr. Burnett said.

It was disturbing that industrial disruptions were continuing to hit publishing schedules, all sectors of the industry show work together.

"I think it is essential for all to face reality — the fact of 1975 is going to be a very unpleasant," Mr. Burnett said.

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
July 8-9	Business 75 Exhibition	Middlesbrough
July 8-10	Great Yorkshire Agricultural Show	Harrrogate
July 8-11	Intl. Audio-Visual Aids Exbn. and Conf.	Olympia
July 11-12	Kent Agricultural Show	Maidstone
July 14-26	North-West 75 Home and Leisure Exbn.	Blackpool
July 18-26	Brighton Antiques Fair	Corn Exchange
July 20-21	Fish Catering Services Exhibition	Regent Centre Hotel, W.1
July 20-24	Northern Lighting Exhibition	Manchester
July 20-24	Harrrogate Gift Fair	Harrrogate
July 22-24	Royal Welsh Show	Builth Wells
July 26-28	Country Landowners' Assn. Game Fair	Chatsworth
July 28-Aug. 1	Intl. Fire Exhibition and Conference	Olympia
July 28-Aug. 2	Tyneside Summer Exhibition	Newcastle upon Tyne
July 28-Aug. 2	Royal Lancashire Show	Kirkham
August 2-4	Perthshire Agricultural Show	Perth
August 3-5	Midlands Toy and Gift Fair	Solihull
August 5-9	Dublin Horse Show	Dublin
August 11-14	British Furniture Manufacturers' Exbn.	Manchester

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	Title	Venue
Current	International Saba Saba Trade Fair (cl. July 9)	Dares Salaam
Current	Pure and Applied Chemistry Exbn. (cl. July 13)	Sao Paulo
Current	Intl. Fire Engineering Exhibition	Jerusalem
July 8-17	Medical Exhibition	Moscow
July 14-18	National Housewares Exhibition	Johannesburg
July 15-24	Manuf. Equip. for Aluminium Products	Chicago
July 15-24	Processed and Specialty Foods Fair	Moscow
July 20-Jan. 18	International Ocean Exposition	Bombay
July 24-Aug. 3	Dornbirn Fair	Olinda
July 24-Aug. 3	International Arts and Antiques Fair	Dornbirn, Austria
July 28-Aug. 1	Packaging and Food Processing Exbn.	Helmingborg, Sweden
July 28-Aug. 2	International Engineering Exhibition	Johannesburg
July 28-Aug. 2	Instruments, Automation, Electronic Control	Melbourne
August 1-10	Intl. Sports Equipment Exhibition	Bombay
August 5-8	Aids to Navigation (Trinity House sponsored)	Anzelm, U.S.
August 6-20	Fishing Machinery Equip. and Processing	Singapore
August 9-17	Austrian Timber Fair	Leningrad

BUSINESS AND MANAGEMENT CONFERENCES

Current	Title	Venue
Current	Urwick Man. Comp. Systems Analysis (cl. July 11)	Slough, Bucks.
Current	International Marketing Programme (cl. Aug. 2)	Emmanuel Coll., Cambridge
To-day	Financial Times, Investment House Assn. of the Philippines, Philippine Airlines, Cathay Pacific Airways, Malaysian Airline System and the Investors Chronicle: South East Asia's Financial Markets—Present and Future (cl. July 9)	Manila
To-day	P.E. Cons. Group: Maintenance Man. (cl. July 11)	Egham, Surrey
July 8	Arab Mkt. Res. Selling to Arabian Peninsula	Cafe Royal, W.1
July 8	Graham & Traiman: Offshore Service Business	Manchester
July 8	BACIE: Television in Training	Goldsmiths College, S.E.14
July 8	Inbucon/A.I.C.: Relocation or Dislocation	Financial Times Cinema
July 9	Inst. Directors: Cap. Trans. Tax and Small Bus.	Royal Garden Hotel, W.8
July 10	New Law Journal: Revenue Law	Cafe Royal, W.1
July 11	IEE: History of Electrical Engineering	Manchester University
July 14	CEMPE: Electronics in Offshore Operations	Cafe Royal, W.1
July 14-18	Louis A. Allen & Ass.: Professional Management	Grand Hotel, Eastbourne
July 14-18	ABRAXAS: Basic Synectics Course	Richmond Hill Hotel
July 14-18	IPM: Work of Personnel Department	Berlins Hotel, W.1
July 14-18	Inst. Met. Tech.: Optical Microscopy	Beaconsfield
July 14-18	Inst. of Purchasing: Practical Buying	Nottingham
July 14-18	Kepner-Tregoe: Decision-Making	Whately Hall, Banbury
July 15	North Paul & Ass.: Transactional Analysis	The Gloucester, S.W.7
July 15-19	ABC annual conf.: Energy and Development	Edinburgh University
July 16	Market Imp.: Where have all the Profits Gone?	Portman Hotel, W.1
July 17	Inst. Manpower Stud.: Industry's Manpower Needs	London Sch. of Economics
July 17	WIBA: EEC and U.K. Wool Textiles	Headingley Lane, Leeds
July 17	IARC: Rothwell Miller Interest Blank	57, Marylebone High St., W.1
July 18-19	Inst. Met. Tech.: Optical Microscopy	Sheffield
July 21-25	IEE: Industrial Instrumentation	Sussex University
July 23-24	Financial Times, Irish Times and Berlinke	Dublin
July 23-25	Tidende: Europe after the Referendum	Dunchurch, near Rugby
July 23-31	Dunchurch College: Presentation	St. Ermin's Hotel, S.W.1
July 28-31	Guardian Bus. Ser.: Effective Interviewing	Piccadilly Hotel, W.1
August 3-8	ASM: Project Management	Chelmsford
August 3-8	N-E London Polytechnic: Systems Workshop	

TWA. FIRST OF THE DAY TO THE USA.

NEW YORK:

747 departs 10.00, arrives 12.35.

747 departs 12.00, arrives 14.35.

707 departs 17.00, arrives 19.55.

The 12.00 flight continues on as a 707 to Cleveland, St. Louis, Kansas City.

BOSTON:

747 departs 11.15, arrives 13.20.

Continues on as an L1011 to Los Angeles (arr. 18.37).

PHILADELPHIA:

707 departs 11.30, arrives 14.35.

The only non-stop flight of the day. Same plane continues on to Pittsburgh (arr. 17.21).

CHICAGO:

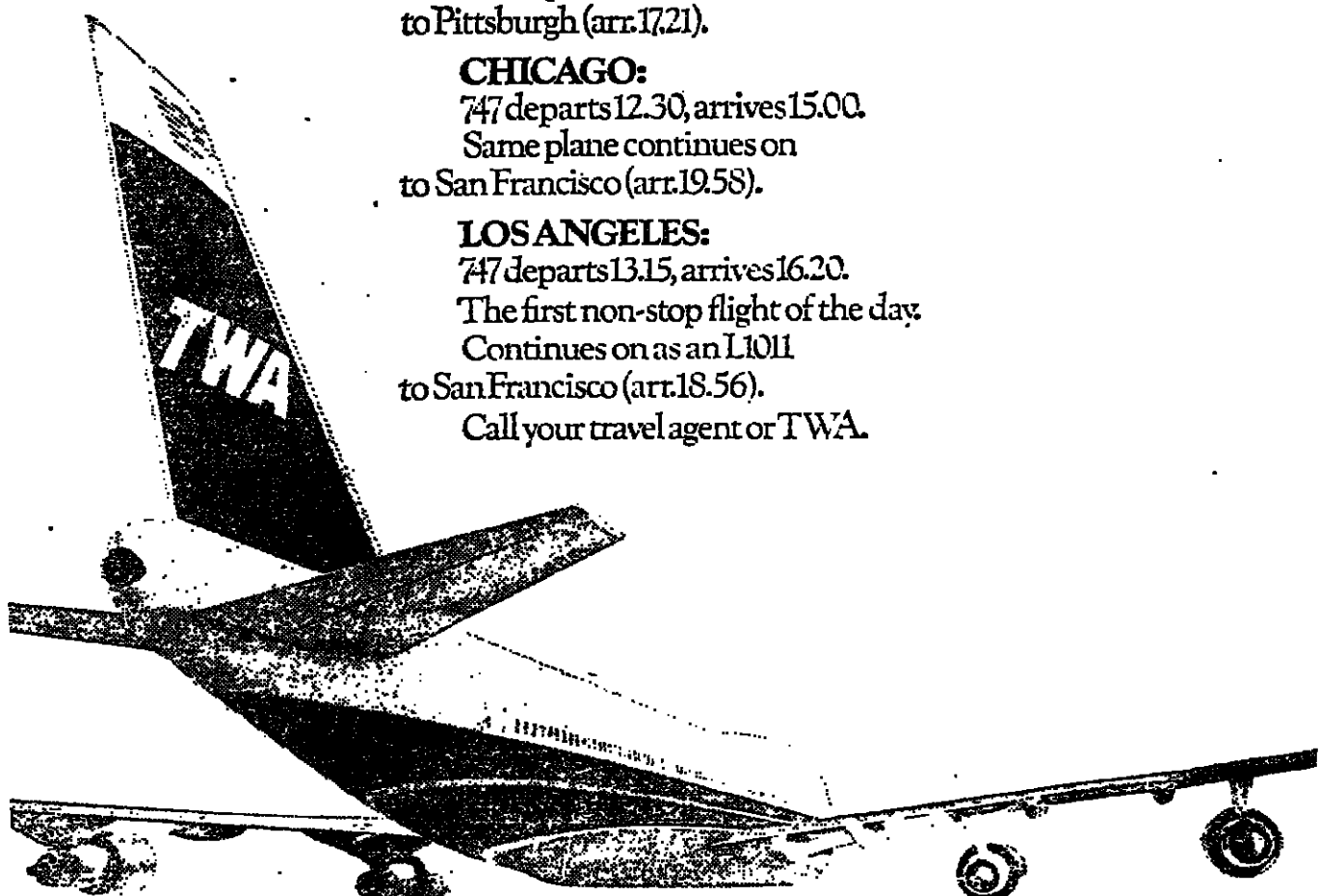
747 departs 12.30, arrives 15.00.

Same plane continues on to San Francisco (arr. 19.58).

LOS ANGELES:

747 departs 13.15, arrives 16.20.

The first non-stop flight of the day. Continues on as an L1011 to San Francisco (arr. 18.56). Call your travel agent or TWA.



Trans World Service from TWA.

OVERSEAS NEWS

Jerusalem blast intended to prevent Sinai accord

BY ISHAN HIJAZI

AN EXPLOSION in Jerusalem March had as its objective the scuttling of the shuttle diplomacy then by U.S. Secretary of State Kissinger. A week ago, and when the U.S. began to intensify its activity for a Sinai agreement, Mr. Farouk Kaddoumi of the Fatah and one of the leaders of the P.L.O. said that the guerrillas were capable of mounting an operation of the size of the East. A major guerrilla operation in Tel Aviv early in

Israel delays decision

JERUSALEM, July 6. THE ISRAELI Cabinet at its 21st meeting postponed any decision on a further interim agreement with Egypt, pending additional clarification of a number of points. But the very fact that Egyptian proposals were not even considered indicates that the Government is seriously considering into all possibilities of reaching another agreement with Egypt. It is understood that the plans did not submit any final maps to Washington, but that the Americans simply insisted on the withdrawal of all Israeli forces from Abu Rudeis oilfields and the leading to it from the strategic Mitla and Gidi roads, through her ambassador in Washington, who participated in today's Cabinet meeting and

Karami reassures businessmen as calm returns to Beirut

BY ISHAN HIJAZI

NEW Lebanese Prime Minister Mr. Rashid Karami, has assured businessmen of Lebanon and to foreign business here. Mr. Karami told his correspondents yesterday that Lebanon's economy was not affected by the recent violence, some had thought at the time. He gave examples. Mr. Karami is also Minister of Finance. He said that the country's Central Bank remained unchanged, while the Lebanese pound has maintained a strong rate in relation to other foreign currencies on the Beirut exchange market. He said that the private banks which reopened a few days after re-establishment of law order was normal, he said. Mr. Karami emphasised that Lebanon would not recur to the use of force in the case of the country near the historic town of Baalbek, in a district where the Lebanese police have little control.

Greek junta trial date set

BY OUR OWN CORRESPONDENT

ATHENS, July 6. TRIAL of 24 leading members of the military junta accused of high treason and subversion will begin on July 14. The 24 defendants include President George Papadopoulos, who as an artillery colonel masterminded the April 1974 coup, which resulted in the overthrow of the military dictatorship. They also include retired army General Demetrios Ioannides, who as chief of the military police overthrew Papadopoulos in November 1973 and hissed his own military coup, only to relinquish power to politicians in the face of the Cyprus crisis eight months later. Charges, which arise from the 1967 coup, carry a possible life penalty. The trial, due to be held here as the Greek Supreme Court moves to Athens, will satisfy a public outcry for the punishment of those who usurped power and abolished democratic rule. Last week, Greece's supreme court removed the last obstacle to the trial by rejecting the appeals of 14 of the accused against the charges. Athens chief prosecutor Constantine Gouloussis, who announced the date of the trial on Saturday, said that it will be held inside the Jorydallios prison, near Piraeus, where 21 of the accused are detained. The other three — former Colonels Constantine Aslanides and Petros Kotsiflis and former air force Wing Commander Ioannis Panagiotou — have escaped arrest. Last week, Greek authorities asked for the extradition from Italy of Mr. Aslanides, 1967 coup, carry a possible life penalty. The trial, due to be held here as the Greek Supreme Court moves to Athens, will satisfy a public outcry for the punishment of those who usurped power and abolished democratic rule.

Europe security summit may yet be this month

GENEVA, July 6. A late-night meeting yesterday of the conference's Co-ordinating Committee of delegation heads again failed to fix a date for the Helsinki gathering, and could not agree to a compromise on the final date of the summit. The four Scandinavian countries, and Communist states which have been pressing for a summit this month, supported the French. But other Western countries, including the U.S., Britain, West Germany and the Netherlands, said that work on the conference's unsettled problems was not yet advanced enough. Several delegates said they believed there were prospects for making sufficient progress this week to enable the West to impress and that the Finns have already started preliminary preparations.

What about exporting facilities at Peterlee?

Call Peter Watt, Principal Industrial Liaison Officer, 01678-333568. Peterlee is the place to be.

Rhodesian Africans patch up differences

By Della Denman

DAR ES SALAAM, July 6.

UNDER the careful guidance of their patrons, Rhodesian African Nationalist leaders spent the week-end here trying to patch up their differences and arrive at a common negotiating position to avert what seemed like the imminent collapse of President Kenneth Kaunda's efforts to organise a settlement with Ian Smith.

The Zambian leader and the two other African heads of state linked with his peace initiative last December, President Julius Nyerere of Tanzania and the Frontline leader, Samora Machel, met with the executive of Rhodesia's African National Council (ANC) to try to get negotiations with the Rhodesian Government started as soon as possible.

Not only were they faced with a clash over tactics but personal rivalries and mutual suspicion within the uneasy alliance of the former nationalist movements, Zanu, Zapo and Frofidi, threatened to stall progress.

With nearly eight months passed since Ian Smith's white-minority Government, under pressure from South Africa, and the Black nationalists agreed to open negotiations which would lead to a constitutional conference, the two sides remain apart.

While keen for a peaceful settlement the three presidents were prepared to sanction a resumption of the armed struggle but apparently did not wish to undo the peaceful efforts made. They remained suspicious of Mr. Smith but needed to know his intentions, an official close to one president said.

The purpose of the Dar Es Salaam meeting which looked as if it would drag on beyond the weekend was to draw up negotiating proposals, reaffirm the leadership of ANC chairman Bishop Abel Muzorewa and stop the factional squabbling which has been developing along tribal lines, as well as ideological ones, and to get some form of agreement on a date and venue for the conference.

A Nationalist source reported tonight that the ANC had agreed to continue under its president leadership and the unity problem was apparently resolved.

French face UDI in the Comoro islands

MORONI, July 6.

THE COMORO ISLANDS today declared unilateral independence from France, whose top representative responded by imposing a state of emergency on the Indian Ocean archipelago.

M. Ahmed Dahhalil, president of the Chamber of Deputies, announced the independence declaration over the radio after a vote in favour of the move. The French Government's top representative in the islands, M. Henri Beaux, declared a state of emergency and French troops guarded all public buildings. The situation was reported calm.

In a referendum last December the islands were heavily in favour of independence from France. On June 27 the French National Assembly ratified the Bill giving the islands independence and it was then passed to the Senate for approval. Independence would have been certain by the end of the year.

The little group of four perfume-exporting islands lie off Tanzania. The 300,000 Swahili-speaking population are of mixed African, Arab and Malagasy stock. In addition to perfume, the Comoro islands export vanilla — they are the world's second biggest producer after Madagascar — copra, cocoa, sisal, coffee, cloves and cinnamon. Reuters.

Cape Verde link with Guinea Bissau

By Jane Bergeron

PRAIA, July 6.

CAPE VERDE is to be closely linked with the republic of Guinea Bissau under the leadership of the African Party for the Independence of Guinea and Cape Verde. Independence on Saturday, celebrated principally in the capital city of Praia, in the Leeward Islands ended five centuries of Portuguese rule and brought hope to 300,000 Cape Verdeans that under a new independent government the islands could become not merely free but habitable, with the FAIGC's policy for agricultural development of the drought-stricken lands relying on effective irrigation — something Portugal never achieved.

The president of the new republic, the Organisation of African Unity's 42nd member state — Aristides Pereira, the Cape Verdean secretary general of the FAIGC, Prime Minister Major Pedro Pires, also a Cape Verdean and the man who led the FAIGC to a negotiated victory with Portugal, said the new government would be announced on Monday in the neighbouring island of Sao Vicente.

The form unity with the mainland republic of Guinea Bissau will take is to be decided in a meeting of the newly elected Cape Verde people's national assembly later this month. However, with a single party in both the islands and the mainland republic, and its secretary general now first president of Cape Verde, the union is likely to take some confederative form.

Deadlock over Argentine general strike

BY ROBERT LINDLEY

BUENOS AIRES, July 6.

THE GOVERNMENT and the Lastiri and at which the possibility, reportedly put forward by Sr. Lopez Rega, of deposing the CGT leaders and naming a Government trustee in their stead, was considered, and rejected.

This strike, during which only the essential services — natural gas and electricity — will be maintained, is looked on here as the supreme test of President Maria Estela Peron's determination not to relent on labour's step down. But last night the Congress which would change the law of succession to the Senate and the Chamber of Deputies meeting in joint session which would elect a new President from among their own ranks, the President's pressure for the removal of Sr. Lopez Rega, the

President's private secretary and closest confidant, culminated last night in a dual to the death duel from a Peronist Senator.

Senator Santiago Raico Altamirano, a member of the Buenos Aires provincial legislature, told a press conference he was prepared to meet the Welfare Minister with pistols at midnight in Buenos Aires' Central Plaza de Mayo, even though duels are outlawed. The Senator told reporters Sr. Lopez Rega "is one of those responsible for the current situation which could lead to a bloodbath."

Many workers and members of the ruling Peronist movement blame the Rightist Welfare Minister for the crisis, pointing out that he was behind the appointment of Sr. Rodrigo.

At 1.30 a.m. yesterday, a 20-hour Chamber of Deputies session, during which Economy Minister Celestino Rodrigo and his team were questioned, ended stormily when the Minister announced that he and his collaborators were leaving because "We have urgent business to attend to."

These preference shares will be redeemable in whole or in part at the option of the company or at the option of a 75 per cent majority of the preference shareholders at three months' notice and those not redeemed will be redeemed in full on the 30th September 1980. The dividend rate will be 7½ per cent per annum, but this can be varied at the instance of either the directors of the company or the preference shareholders, depending on market rates ruling from time to time, provided however that any variation in the rate shall be subject to the passing of a resolution by the board of directors and the written consent of three-fourths of the preference shareholders.

Anglo American Corporation and associates have agreed to subscribe at par for the redeemable preference shares and accordingly it is not proposed to obtain a Stock Exchange listing for the preference shares. Copies of this agreement will be available for inspection by shareholders at 44 Main Street, Johannesburg, and at 40 Holborn Viaduct, London EC1P 1AJ during normal business hours from 7th July 1975 to 29th July 1975.

In order to give effect to these proposals it is necessary to convene a general meeting of members to increase the authorised capital of the company from R24,000,000 to R54,000,000 by the creation of 30,000,000 cumulative redeemable preference shares of R1 each and to insert a further clause into the company's articles of association specifying the rights attaching to the preference shares. It will also be necessary to pass an ordinary resolution empowering the directors to issue the new preference shares. The rights attaching to the proposed new shares are fully set out in the attached notice of meeting. Since 30th September 1974, the date of the latest financial year end, no capital of the company other than shares issued on conversion of the company's 64 per cent convertible bearer bonds has been issued for cash or otherwise, nor have any commissions, discounts, brokerages or other special terms in connection with the issue or sale of any capital of the company been granted. No capital of the company is proposed to be issued or is under option, or agreed conditionally or unconditionally to be put under option otherwise than as outlined in this circular.

NOTICE IS ACCORDINGLY HEREBY GIVEN that a general meeting of members of Rand Selection Corporation Limited will be held at 44 Main Street, Johannesburg on Tuesday 29th July 1975, at 14h00 for the purpose of considering and, if deemed fit, of passing, with or without modification, the following special and ordinary resolutions in terms of the Companies Act, 1973, as amended:

Special Resolution No. 1
That the authorised share capital of the company is hereby increased from R24,000,000 divided into 48,000,000 shares of 50 cents each to R54,000,000 divided into:

- 48,000,000 shares of 50 cents each which shall be designated ordinary shares, and
- 30,000,000 cumulative redeemable preference shares of R1 each, by the creation of 30,000,000 cumulative redeemable preference shares of R1 each, which shall be subject to the terms and conditions contained in the Articles of Association of the company.

Special Resolution No. 2
That subject to the passing and registration of special resolution No. 1 above, the company's Articles of Association are hereby amended by the incorporation of the following additional article numbered 163:

- The following conditions shall apply to the cumulative redeemable preference shares of the company (hereinafter referred to as "the said preference shares"):
- The right to receive out of the profits available for distribution a cumulative preferential dividend at the rate of 7½ per cent per annum which shall be calculated quarterly up to the end of December, March, June and September in each year and which will be payable in January, April, July and October in each year. However, should market conditions change, the said rate shall be subject to negotiations between the directors and the preference shareholders to reflect market rates ruling from time to time. Any variation in the rate which shall only take effect from the commencement of any such quarter, shall be subject to the passing of a resolution by the board of directors and the written consent of three-fourths of the preference shareholders. From the date of allotment to 30th September 1975, the dividend shall be at the said rate of 7½ per cent per annum, payable in October 1975. Dividends on the said preference shares shall be calculated and paid on the nominal value of the shares and in priority to any dividends on any shares not ranking in priority to or pari passu with the said preference shares.

- The said preference shares shall be redeemed at par either out of the distributable reserves of the company which would otherwise be available for dividends or out of the proceeds of a fresh issue of shares made for the purposes of redemption as follows:
- (1) By not later than 30th September 1980 or at the option of the company at any time or times before that date upon the company giving three months' written notice to redeem all or any of the said preference shares.
- (2) Provided the company's distributable reserves are not less than an amount equal to the nominal value of the unredeemed preference shares then outstanding the company shall be obliged to redeem all or any of the said preference shares then in issue if at least 3 months prior thereto:

- (i) the company has received a written request for redemption in whole or in part from the holders of not less than 75 per cent of such preference shares then outstanding; or
- (ii) there has been conveyed to the company a decision in favour of redemption either in whole or in part, taken by means of a resolution passed by the holders of not less than three-fourths of the preference shares present and voting either in person or by proxy at a separate general meeting of the holders of preference shares. To every such general meeting all the provisions of these presents relating to general meetings shall mutatis mutandis apply except that the quorum thereof shall consist of not less than two persons holding or representing by proxy not less than one-half of the nominal amount of the said preference shares then in issue, except that if at any adjourned meeting such quorum is not present the members then present shall form a quorum.

The redemption of any of the said preference shares pursuant to (1) or (2) above shall be subject to payment simultaneously therewith of a sum equal to the amount of all arrears of the cumulative dividend (whether declared or undistributed) on the said preference shares then outstanding calculated to the date of redemption. Any redemption monies payable in respect of the said preference shares shall be payable on the due date at a place specified by the company in Johannesburg against delivery to the company of the relative certificates for cancellation and as from that date such shares shall cease to rank for dividend unless on presentation of the certificates default is made in paying the redemption monies. In any case in which some only of the shares comprised in a certificate are redeemed a fresh certificate shall be issued for the balance. Unclaimed redemption monies shall bear interest against the company. Any partial redemption made pursuant to (1) or (2) above shall be made in proportion to the number of preference shares held by each shareholder.

- (c) In the event of a winding up of the company, the holders of the said preference shares shall be entitled in priority to any payment to the holders of any shares not ranking in priority to or pari passu with the said preference shares, to receive in full out of the assets of the company, a return of the capital paid up on such shares together with a sum equivalent to any arrears of dividend calculated to the date of redemption (whether declared or undistributed) but the said preference shares shall not confer any further right to participate in profits or assets.
- (d) The right to the holders of the said preference shares to receive notice of and to be present at any general meeting of the company, but not to vote thereat unless:

- (i) the dividend on the said preference shares is three months in arrear, and for this purpose the dividend shall be deemed to be payable quarterly on 1st January, 1st April, 1st July and 1st October in each year in respect of the previous three months ending on the 31st December, 31st March, 30th June and 30th September respectively; or
- (ii) any resolution is being proposed at such meeting directly affecting any of the rights attached to the said preference shares or of the interests of the holders thereof including any resolution for the winding up of the company, or for the reduction of its capital.

No further capital ranking in priority to or pari passu with the said preference shares shall be created without the consent in writing of the holders of 75 per cent of the said preference shares or the sanction of a resolution passed by the holders of not less than three-fourths of the preference shares present and voting either in person or by proxy at a separate general meeting of such holders. To every such general meeting all the provisions of these presents relating to general meetings shall mutatis mutandis apply except that the quorum thereof shall be members holding or representing by proxy one half of the nominal amount of the issued preference shares, but if at any adjourned meeting such quorum is not present the members present shall form a quorum.

(f) That subject to the provisions of Section 221 of the Statutes, the Directors shall have the power to re-issue all or any of the said preference shares which may be redeemed prior to 30th September 1980.

Ordinary Resolution
That subject to the passing and registration of special resolutions Nos. 1 and 2 above, the directors are hereby authorised to allot and issue at par all or any portion of the 30,000,000 cumulative redeemable preference shares of R1 each at such time or times, upon such terms and conditions and to such person or persons, company or companies as they may determine.

The reasons for proposing the special resolutions are contained in the circular to members which accompanies this notice of general meeting and the effects thereof are apparent from the texts of the resolutions. The transfer register and register of members of the company will be closed from 21st July to 29th July 1975 both days inclusive.

Holders of share warrants to bearer who wish to vote or attend the meeting in person or by proxy must comply with the regulations of the company under which share warrants to bearer are issued. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and speak and, on a poll, to vote thereat in his stead. A proxy need not be a member of the company.

By order of the board,
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED
per B. P. Saunders, Divisional Secretary

Registered Office:
44 Main Street
JOHANNESBURG
2001
Postal Address:
P.O. Box 61587
MARSHALLTOWN
2107
7th July 1975.

London Office:
40 Holborn Viaduct
EC1P 1AJ

The Executive's World: The Office

EDITED BY JAMES ENSOR

Scientists at the Stanford Research Institute believe that innovation is a process which can be learned through meticulously-prepared thinking workshops. Art Garcia reports from Menlo Park

Teaching people to think creatively

A FASHIONABLE way to come up with new ideas in the 1950s was to gather the best and brightest from among management ranks for extemporaneous brainstorming sessions. This free-flow form of community creativity was thought to provide the proper forum and mood for generating new ideas, one on top of the other, as the improvised innovations were either expanded upon or eliminated. Organisations, to be sure, still are constantly on the lookout for significant new ideas, but they needn't rely only on such stream-of-consciousness thinking or highly structured motivational laboratories.

Instead, suggests Stanford Research Institute, creativity can be learned. Through modern problem-solving and idea-generating techniques people can be "astonishingly productive" in sparking ideas if they are properly stimulated, says Dr. Joseph McPherson, a senior behavior scientist at SRI, a private, non-profit think tank in Menlo Park, California. Dr. McPherson and his colleagues have pioneered the creativity workshop they call "Innovation Research" which, unlike the brainstorming affairs of the 1950s, require weeks, even months, of intensive preliminary preparation by those participating.

The unstructured brainstorming sessions of a few decades ago tended to fire most people rapidly, so to avoid that problem the innovative search workshops are well organised while at the same time stressing informality. Instead of focusing solely on the stimulation of ideas, SRI's modern approach calls for channelling creativity toward the solution of a well-defined problem or set of problems, usually determined by two or more company representatives with the assistance of the SRI team.

The SRI creativity workshops run from three to five days, normally for the longer period. But when you think of the total package, it really lasts about five months," explains Nick Guidici, an operations analyst at SRI and third member of the innovation search team. SRI custom designs instru-

ments and material for use in workshops and combines them with data assembled by the client company, then the package is studied by SRI and the company participants. "There's a free-flow form of community creativity was thought to provide the proper forum and mood for generating new ideas, one on top of the other, as the improvised innovations were either expanded upon or eliminated. Organisations, to be sure, still are constantly on the lookout for significant new ideas, but they needn't rely only on such stream-of-consciousness thinking or highly structured motivational laboratories."

Calibre

Because the problem to be considered should be well defined, participants are given the opportunity to brief themselves ahead of time. SRI has come up with a number of techniques at the sessions to help channel creativity towards solving the problem, but more important than techniques, Dr. McPherson emphasises, is the calibre of the participants. Attitudes, willingness to experiment, educational and work backgrounds—even willingness to play potentially productive games—are more relevant to success than are techniques, he says.

The creativity workshops should include persons from all levels of different departments and with broad backgrounds in more than one area, rather than just specialists. The question frequently arises from technically oriented participants regarding the presence of those with non-technical backgrounds, says Mr. Guidici, "but it's been discovered in the workshops that not all good ideas come only from technical specialists." The so-called "soft science" areas of finance and marketing, for example, also contribute to company profits and can produce innovative ideas.

"Limiting involvement solely to specialists in the field, without including those who are in a position of authority in the company, often results in ideas that can't be implemented in that organisation," says Dr. McPherson. "Besides," he continues, "specialists in the problem area are likely to know all about what you can't do, whereas



Brazilians sparking ideas to produce more and better beef in Sao Paulo

people with backgrounds far removed from the problem are often good idea stimulators. That's why the creativity workshops usually include various SRI specialists who often bring up "brilliant ideas" for using the company's product in their own fields.

The theme of the SRI meetings is that one significant discovery or invention can change the direction of a division, subsidiary or an entire corporation. To help organisations in uncovering these kinds of ideas, the innovation searches are held not only to find new products or services but new uses or modifications for existing ones, as well as outlets for patents and technological processes that aren't being utilised and outlets for special capabilities the company may have.

SRI uses an assorted line-up of creative problem-solving techniques for the search that carries such fancy labels as

synectics, direct associations, morphological analysis, process trip, trend trips, Japanese KJ method, design tree concept, bionics, chain links and others. Through it all, informality is stressed, even to the wearing of casual clothes during the workshops. "In a relaxed atmosphere, ideas flow more easily," says Mr. Guidici. SRI has found relaxed, even humorous, verbal exchanges between panelists provide fertile ground for ideas and minimise negative comments while encouraging self-expression. This "creative climate" is nurtured by plenty of coffee and refreshments, by avoiding use of "idea killers" and deferring judgment on ideas generated.

The role of workshop leaders is played down as much as techniques. "We feel those who conduct the sessions should assume a catalytic or 'low-key' role," says Dr. McPherson, "because they can inhibit a

group by acting as lecturers, judges or even session leaders. Idea killers such as "we tried that before" or "it's against company policy" are deferred until a special session on the last day of the workshop," he adds. Then all the ideas that have been sparked are reviewed and given their first screening, a system that keeps the idea-generating sessions relatively free of negative comments.

To prevent the more verbally articulate participants from dominating the session, the workshop provides a number of

ways for members to express themselves. The meeting rooms normally contain blackboards, flip charts, plenty of sketch paper on the walls and personal notebooks. Idea-generating sessions alternate between large and small groups and time is set aside for participants to think and work alone. As an idea pops up, a member of the SRI team logs it on large flip charts called "group memory" and which don't include the name of the person who thought it up so other members won't be discouraged from mak-

ing additions. All ideas belong to the group as a whole, making them easier to implement because the "personality" is removed from them. How many ideas can come out of a creativity workshop? Several hundred reportedly were generated from a project held in Germany earlier this year for SKF, the Swedish ball-bearing concern. Among the ideas for SKF were new uses for an extensive line of bearings and the skills used for making them. Crown Zellerbach, a San Francisco paper and forest pro-

ducts company, picked up new uses for a series of mul-layered plastic films and techniques to manufacture the film.

Mr. Guidici tells also ideas for new uses for a metal for a materials engineering company; a list of about 3 ideas that was reduced to diversification directions to be considered by a large financial and insurance concern; a business opportunities for producer of waxes and polishes; new food concepts and products; ways to improve relationships between marketing and research and development functions for a major food producer; and improvements in the beef industry for the State of Sao Paulo, Brazil. An intensive search for a worldwide sporting goods manufacturer led to more than 500 ideas; its technical products division with the company indicating will follow up on about 100 them.

Availability

SRI has conducted its innovative search workshops for about 10 clients around the world in the two years since the program began. The fees range between \$40,000 and \$50,000 and the week-long sessions are held either at the client's location or at SRI, although it prefers to host the sessions because of the availability of nearly 2,000 SRI specialists more than 100 disciplines. Participants are encouraged to express ideas in their own language "to get the idea out of the head," says Mr. Guidici. The main thing is not to inhibit the flow of ideas.

Can architects cope alone?

BY SYDNEY PAULDEN

EDWARD PICTON is the warehouse and distribution executive of Woolworth's, and he maintains that some people in some British companies still are inclined to say: "Oh, look a green field. We could build a warehouse there. Let's ring up an architect."

This approach is the road to a costly ordeal, because too many industrial executives falsely regard the architect as a project manager and leave to him the responsibility for cost control of a building project. A deadly error, apparently, is to assume that the designer of a building is au fait with the process that will be housed in the building. The result is often that the process is cramped or distorted in order to accommodate the building.

There is now a move towards specialisation of services to help companies that require new buildings, so that the starting point is the function of the building and the necessary investment and the finishing point is a building that exactly fits the specifications of building time, construction, cost and operating function.

One such specialist service is Planned Warehousing of Guildford, Surrey, that has recently constructed a new warehousing project for Woolworth's in Castleton, Manchester. The PW services included consultancy on the type and scale of equipment and plant, on the style of the building, plus completely centralised control on budgets and building schedules and total implementation of the plan on a turnkey basis.

The contract was valued at

£2m. overall, and the net discrepancy between the originally agreed figure and the final cost 18 months later when the premises came into operation was only £545.

Furthermore, the new construction was on the site of an old warehouse facility that was partially burned down. During the period of rebuilding, the part still standing had to be allowed to carry on the job of distributing thousands of different product lines to serve 1,200 retail outlets. It was one of Planned Warehousing's tasks to calculate in advance how this could be achieved.

Inter-related

The new Castleton warehouse has 370,000 square feet of warehouse space, compared with the 120,000 it replaced on the same site, with 30-foot instead of 12-foot eaves.

Planned Warehousing services are grouped into two distinct yet closely inter-related phases. One is the process of studying the distribution requirement and designing the most effective warehousing method to suit. The other is the design and construction of the building itself. The two directors of PW make a team that personifies the services offered. Brian McKibbin used to be distribution manager at Unilever and at Rank-Hovis-McDougall; at one time he was the director responsible for 600 staff at six warehouse centres. Mike Willis joined McKibbin from the Bovis construction group, where he had been pro-

duction director of pre-cast concrete factories, and was also managing director and estimator of Professional Services Company, and was once a planning engineer and a contract manager.

They actually met when they were both handling the two different phases of an earlier warehousing contract for Woolworth's.

"We have provided complete warehouse facilities," says McKibbin, "from a client's brief written on half a sheet of paper, which gave us simply the number of items they had to stock and the number of weeks of stock to be catered for. In fact, in one client simply said 'I want the maximum bloody space and I don't want water dripping out of the fire hose reels.'"

PW uses architects, but as a part of an integrated team and only after the whole distribution and warehousing brief has been carefully identified. PW claims that the architects whom the company works prefer this arrangement, for they do not have to become involved in discussions and briefing sessions that are extraneous to their own specialty—building design.

McKibbin and Willis point out that an architect's training does not qualify him for cost control or project control, yet that is the role the architect assumes if he is the first contact and the main contact. They believe that too frequently architects regard industrial buildings as monuments to architecture and quote one example where the cost of a head office for a company went 50 per cent. above original esti-

mates because the architect insisted on incorporating a central glass escalator.

"When we get a job," says McKibbin, "the first person we go to is not the architect, the insurer. It is vital to keep the earliest stage what size and what type of fact insurance company will be willing to cover at an acceptable price. Our brief has to take very much into account."

Overseas countries are apparently quicker to recognise advantage of a highly specialised service than the U.K. Outside the U.K. the project manager and the number of weeks of stock to be catered for. In fact, in one client simply said 'I want the maximum bloody space and I don't want water dripping out of the fire hose reels.'"

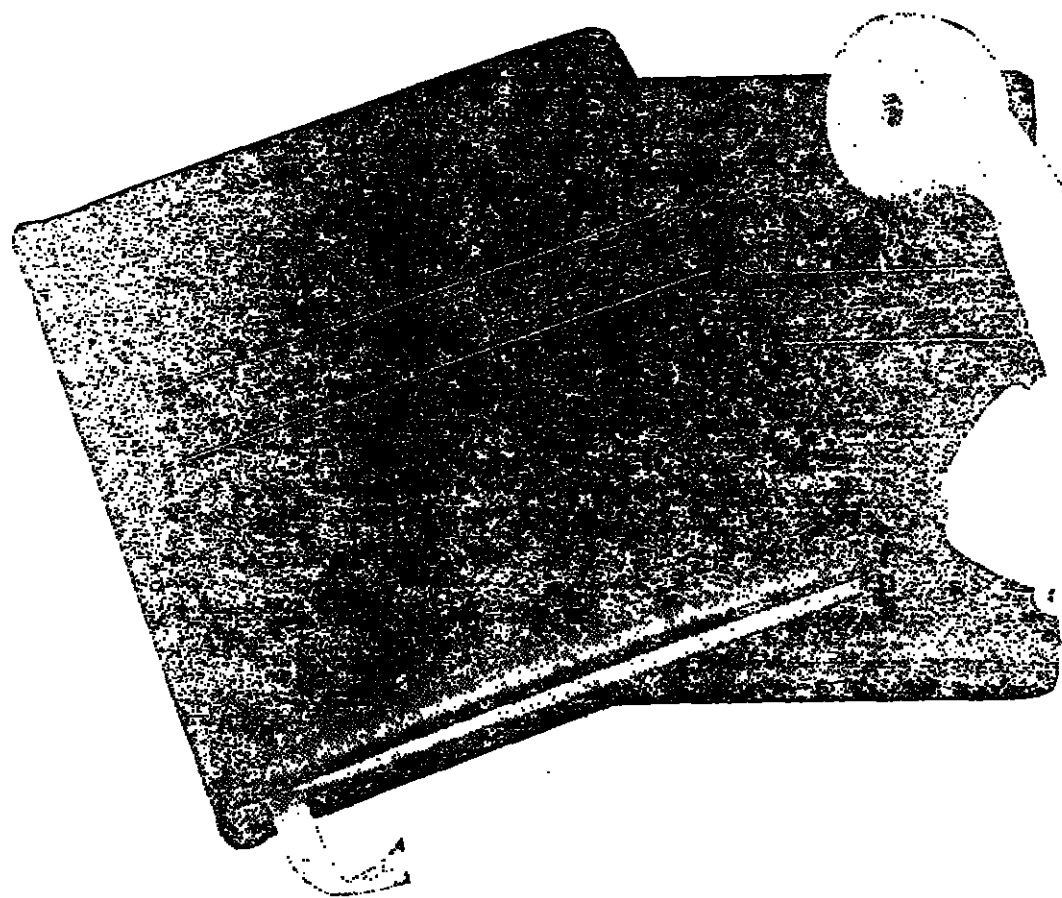
Professional services, employing the help of the client's architects, the engineers, the structuralists and so on.

Assignments

PW is currently handling £10m. development project South Africa, a country in which PW has carried out a number of big assignments for clients such as South African Breweries and OK Bazaars since a cha meeting in a bar during a holiday McKibbin spent there 1969.

"You see," explains McKibbin, "over there and in the U.S. problems are looked at by industry in a logical manner. Over here, we are still hidebound pure tradition." It costs so much to change very dear to up-tradition.

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An office without paper

BY ROY LEVINE

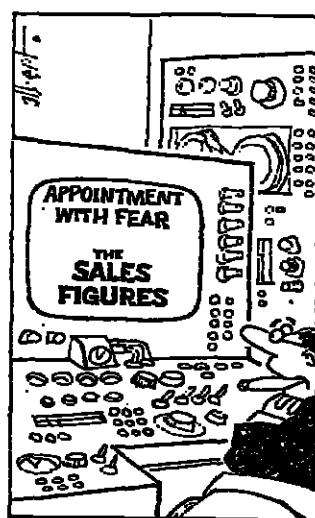
At last, it seems that management is bringing the technological age into the office. In the U.S. nearly half the total workforce will be in service-based industries by the end of the decade.

According to a special survey in "Business Week" the resultant productivity gains will rival those of today's factory and accounting departments.

The magazine devotes 33 pages to "The Office of the Future" and quotes numerous industry sources suggesting a paperless office by 1990. At the centre of the automated office will be the editing typewriter surrounded by various office systems to transfer information electronically and to move it into and out of electronic files.

Different views of who will operate them are taken by the two major companies in this industry.

Xerox is experimenting with a new display terminal connected to an editing typewriter. The system is completed with an electronic filing cabinet and a



is the quote from its chief scientist, Jack Goldman.

IBM seems to be taking the view that the mass of equipment will sit not on the executive's desk but on his secretary's desk.

Business Week describes an IBM system which incorporates a telephone connected to a computer as well as to a secretarial work station for dictation. The phone can also be used as a calculator and it can automatically make a call for the executive at any preselected time. An eight-line display is attached to the terminal to get information from a library.

The expected boom in office products could produce a market worth some \$1.3bn. a year by 1981. And the reasons for it are not hard to find.

"Where office costs used to be 20 per cent. to 30 per cent. of the total in a company, they have now grown to 40 per cent. to 50 per cent. of all costs," according to Alan Purchase, senior industrial economist at Stanford Research Institute, quoted by Business Week. "It is surprising, then, that the

service sector of the U.S. economy shows annual increases in costs of between 5 per cent. and 7 per cent. while unit labour costs in the manufacturing sector are declining from a low base.

Investment in capital equipment per office worker is only about \$2,000 a year, far less than the \$25,000 spent for equipment in the manufacturing sector.

However, according to a forecast, the amount spent on the office for each white collar worker could rise five fold to \$10,000 by 1985. One doubt that that percentage increase will be matched in this country. For one thing, there is too much reverence given to the traditional secretarial role—a possible barrier for the industry, the U.S., too.

At the root of the problem is human nature. As Jonathan Fugh III of Lexington Corporation puts it: "The biggest problem we face is the office. She likes giving total loyalty, one boss, and he likes getting it."

LABOUR NEWS

R-R revolt
brews
over pay
claim action

by Our Derby Correspondent

LITANT SHOP stewards to face a rebellion by the 600 Rolls-Royce (1971) workers on they have instructed to pose sanctions which would pose production at R-R's engine factories in Derbyshire, Nottinghamshire and Leicester.

Some groups of workers are believed to have decided already to comply with the sanctions imposed by the shop stewards on to-day.

The sanctions threat, which came after the management's rejection of a "substantial" pay rise, brought an ultimatum from R-R that the Derby engine factories would be closed Wednesday if a disruptive strike ban and other measures were introduced.

Any of the hourly-paid workers say that they are still loyal to be in jobs after the crash four years ago, and are urging "moderation" in the shop stewards were being introduced at the week-end.

One group of workers said: "We feel this is no time to be closing a factory closure and parking jobs."

The shop stewards are due to meet tomorrow to discuss whether to bring the head-on clash or some negotiations.

In January, the company paid Derby division "interim" of up to £25 a week—six months after the annual payment, which is due again in January. It was said that "interim" would stand for six months.

A similar confrontation at a Scottish plant in April led when workers voted in their shop stewards' recommendation to strike.

Steelmen's decision due
on 14% wages offer

BY CHRISTIAN TYLER, LABOUR STAFF

BLAST-FURNACEMEN in the British Steel Corporation will decide this week whether to make a stand in the teeth of a wage limit over a 14 per cent. "new money" wage offer rejected by their negotiators.

Delegates of the National Union of Blast-furnacemen will debate the offer at their annual conference in Scarborough on Wednesday—only a day or so before the Government brings out its White Paper on pay and prices.

The union's executive meets to-night to consider the negotiators' report in the light of national events, but yesterday Mr. Hector Smith, NUB general secretary, said the White Paper referred to the next pay round.

Parsons workers vote
to strike from to-day

MORE than 4,000 manual workers at the Tyneside engineering plant of C. A. Parsons voted at the meeting in Newcastle to go on strike from to-day.

They had originally postponed their action, due to begin on Friday evening, when the company produced an improved pay offer at the last minute. But at a mass meeting in Newcastle, the members of eight unions rejected the new offer by a large majority and decided to go ahead with the strike.

The company increased its offer from £4.50 to £5.00 immediately plus another £4 in January.

Mr. George Arnold, Tyneside chairman of the Confederation

of Shipbuilding and Engineering Unions, said: "The men felt it would take £10 now to bring their wages up to an acceptable standard."

The company warned last week that it was in no position to give in to "exorbitant" wage demands and would suffer badly from strike action.

Unions representing the rest of the 180,000 BSC manual workers have accepted a similar

34 per cent. and threshold deal, but several claim it is open to full re-negotiation in January.

All this will be going on only a few hundred yards from the crucial conference of the National Union of Mineworkers. Mr. Smith said his men—some of the highest-paid steelworkers—had if anything more of a case than the miners. Their work was just as vital and hard and recruits very scarce.

Beer delivery drivers at Ind Coope's Oxford depot have gone on strike because the company has refused to bring annual pay talks forward by three weeks in a bid to beat a wage freeze. The men fear their 33 per cent. claim could be blocked by the Govern-

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Seamen at Holyhead yesterday joined those who are urging the National Union of Seamen to reconvene its national executive to reconsider the award.

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'Think again'
say seamen

Union leaders of 40,000 Merchant Navy seamen are being urged by several branches to call off a strike ballot on a rejected 37.3 per cent. arbitration award because of an imminent limit on pay increases.

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Teachers
to oppose
flat-rate
pay rises

By Our Labour Staff

THE National Association of Schoolmasters has protested to the TUC about the proposal for flat-rate pay rises.

Mr. Terry Casey, NAS general secretary, has written to Mr. Len Murray, TUC general secretary, that the proposal was "basically unfair" to people like teachers and local government staff with structure pay systems. The NAS has 65,000 members.

"I appeal to the people who represent the middle professional ranges in the TUC to rally against the flat-rateism of the Jack Jones proposals," Mr. Casey said.

A non-TUC body representing about 70,000 white-collar employees has also rejected the idea of flat-rate rises because of its disruption to differentials.

The Confederation of Employee Organisations says that the plan—the TUC is considering £8 a week—would be inflationary in the long run as differentials were re-established after pay restraint ended.

In a 10-point plan for incomes restraint, it also says that it would not comply with a TUC pay policy if CEO members did not agree, but would accept statutory control provided "everybody else does."

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LONDON TIN CORPORATION

Partnership with Malaysian
Government welcomed

Mr. D. R. Mitchell's review of operations

The 49th Annual General Meeting of London Tin Corporation Limited will be held on 30th July, at Winchester House, 100, Old Broad Street, London, E.C.2.

The following is the statement by Mr. D. R. Mitchell, the Chairman, which has been circulated to Shareholders.

ACCOUNTS

The profit before tax for the year was £3,963,000 compared with £2,871,000 for the previous year. Dividend income from the tin mining companies increased by £1,216,000, reflecting the higher average tin price during the year, although the application of dividend restraint on those companies which are resident in the United Kingdom restricted their distributions to some extent.

Profits on sales of investments amounted to £233,000 against £332,000 last year.

The charge for taxation is proportionately higher than for the previous year due partly to the non-renewal of the transitional relief which became available to us last year with the introduction of the imputation system of taxation in April, 1973 and partly to the much higher proportion of our increased profit represented by unfranked income which bears the full rate of Corporation Tax.

Dividends totalling 7.0p per share have been paid and represent the maximum amount distributable under the dividend restraint regulations. The opportunity has been taken to set aside a further £250,000 to Exploration Reserve and accordingly there remains a sum of £412,000 to be added to the balance of unappropriated profits.

Since the end of the transitional period of the change-over to an imputation taxation system, it could be disadvantageous to the Corporation to pay its second interim dividend between the 1st and 5th April in any year. As two dividends had already been paid in the twelve months to 31st March, 1975, it was decided to pay the second interim for the last year on 10th April, 1975. It would benefit the Corporation to delay the declaration of its second dividend each year until after the end of its financial year and it is therefore proposed that for the current year the second interim dividend be declared in April 1976 for payment towards the end of May or early in June. It is also intended to adhere to this programme in future years. The payment of the first interim dividend in December will not be affected by this change.

MINING OPERATIONS

Tin export control was at no time in force during the year under review and the Group's mining operations were therefore able to continue on a full-time basis and to realise a profit of 9.7% of the free world's production of primary tin.

The total output of the companies operating in Malaysia and Thailand remained satisfactory, being only some 3% less than during the previous year. Work continued steadily on the construction of the large new dredge for Berjuntan and this is expected to be completed about mid-1976. It had been the intention to construct another new bucket dredge to work shallow reserves in the southern Kinta property off the west coast of Thailand but uncertainties in regard to the renewal of mining leases in Thailand have necessitated a deferment of the project.

In Nigeria production of tin concentrate was 540 tonnes lower than last year, a reduction of 19% caused mainly by the combination of a lower average grade of ground worked, labour unrest following the Udoji report on wages and salaries, and power cuts. A new installation of mining plant comprising bucket wheel excavators and belt conveyors will be put into operation later this year to assist in mining a deep though comparatively rich deposit overlain by thick barren overburden.

Operating costs have increased very sharply in the three countries in which the Group is mining, and they continue to do so. Wages have risen substantially, energy costs have increased by a rise of 55% in the tariff for power from the National Electricity Board in Malaysia and the prices now being charged for steel castings and forgings, machinery and other items essential to our operations are mounting rapidly.

EXPLORATION IN AUSTRALIA

Our exploration activities continue on a limited scale in Australia and have been confined mainly to Western Australia and Queensland. In compliance with the policy in Australia on foreign involvement in the search for and exploitation of mineral resources joint venture arrangements have been sought with Australian partners. This enables us to spread our interests over a wider field while still working within a limited budget. Progress is understandably slow in such vast areas, and we have not yet located mineralisation meriting applications for mining titles.

THE TIN PRICE

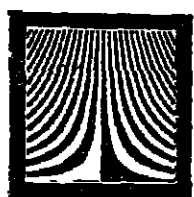
When I addressed you last year the price of tin metal on the Penang market was M\$1,300 per picul and during our financial year it averaged M\$1,118. From 1st April, 1975 to mid-June the price has averaged M\$839 per picul.

With effect from 31st January last the International Tin Council revised the buffer stock price range. The floor price became

Pluses and minuses of investing in Brazil

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SUNDAY, JULY 13
DIVIDEND & INTEREST PAYMENTS—
 Essex Water 4.2% (lim. 6%) Red Fri.
 6th, 1984-86, 2.1%.



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHROETERS

AUTOMATION

Robots may leave U.K. behind

GREAT CHANGES affecting the fundamental character of the world's manufacturing industries in the 1980s and 1990s, through automated manufacture, were discussed at a lecture and seminar on unmanned manufacturing held at the University of Salford last week.

Dr. M. Eugene Merchant, who is the director of research planning at Cincinnati Milacron, Ohio, and visiting professor to the University, outlined the powerful social and economic forces moving the manufacturing industries towards automation. He described the strategic national industrial policy aims of Norway, West Germany and Japan, all of which have substantial national research and development programmes aimed at major improvements in the capacity to export of their

mechanical industries. The most ambitious programme is Japan's. The Japanese programme was initiated in 1973 and is being funded by the Ministry of International Trade and Industry (MITI), the costs also being borne by participating industrial and government organisations. The plan calls for the development of a prototype, "unmanned" machine building factory by about 1980. This plant would be a 200,000 to 300,000 square foot factory staffed by a control crew of about 10 people, as compared with the normal complement of 700 to 800. It would manufacture some 2,000 different machinery parts in lot sizes of 1 to 25 pieces and would assemble these to produce, automatically, some 50 different machine components, such as gear boxes, spindle heads, tur-

ret heads, hydraulic motors, etc. Processes carried out automatically would include forging, heat treatment, welding, presswork, machining, inspection assembly and painting.

The chairman of the seminar, Professor A. W. J. Chisholm of the University of Salford, said Britain must follow suit or be left in a very weak industrial position.

The present dispersal of the interested bodies—the Science Research Council, two divisions of the Department of Industry, two research associations, at least one Government research laboratory, ten technical universities and the trade union movement—could not continue and they had to have to combine in a co-ordinated national effort to solve the technical, social, educational and employment problems involved.

COMPONENTS

Vent caps for tanks

FOR AUTOMATIC venting of ballast tanks, oil tanks, water tanks and similar liquid storage spaces on board ship, Megator Pumps and Compressors, 37A Newington Causeway, London SE11 4HQ (01-407 5516) has introduced a range of vent caps which has been approved by DTT and leading classification societies.

Features include a high-density polythene ball float with renewable seat, housed in a ball

chamber which can be easily removed for inspection. A Monel flame-and-insect screen is standard.

Standard range includes single-ball units from 50 to 175 mm and double-ball units from 200 to 250 mm. Sizes 300 to 350 mm are available to special order and are of quadruple-ball design. The units are compact—the 100 mm model, for example, is 225 x 235 x 305 mm high and weighs about 25 kg.

Units can be supplied with butt-welding connections or with flanges drilled to BS Table D, AS or metric NP standard (BS 4504).

TELEVISION

Satellite TV earth station

ALMOST ANY small community in Canada can receive high quality network television service using a low-cost earth receiving station developed by Rediffusion's Canadian subsidiary, Redi-Benco Cascade.

The equipment set for about \$40,000 without aerial and has

been designed in conjunction with the Canadian Federal Department of Communications to take signals from the domestic satellite system, Anik.

Maximum quality television signals would be available from the equipment which could be used to feed low power re-broadcast transmitters or cable distribution systems.

Intended for use with a 4.5m. dish aerial, the equipment operates in the 3.7 to 4.2 GHz frequency range.

Rediffusion (01-830 0221) stresses the ability of the equipment to cater for small communities economically.

MACHINE TOOLS

Lubricates the smaller machines

SINGLE LINE automatic lubrication systems for use on small and medium-sized machines have been developed by Interlub Systems, Estover Road, Plymouth, Devon PL6 8LA (0752 778781).

Known as the SL system, it features three cyclic lubricator units, each designed for sump or reservoir mounting and with outputs of 1, 3 and 5 cc per cycle.

Each lubricator can be fitted with any one of 7 different interchangeable electric motors, giving the system a wide operating flexibility within a discharge rate of 0.2 to 40 cc/hr. and nominal discharge cycles from 3 minutes up to 6 hours.

It is claimed that each bearing receives the planned quantity of lubricant regardless of changes in temperature, viscosity, fit of bearing surfaces, level of bearing or its distance from the oil source.

The maker is a member of the Tecalemit Group.

INSTRUMENTS

Versatile flow meter

WIDE APPLICATION turbine flow meters made by Maurer Instruments are to be marketed by Avery-Hardoll, Downley Road, Havant, Hants PO9 2NW (Havant 6422).

Fast blind riveting machine

AN AUTOMATIC blind riveting system consisting of a riveting pistol and a castor-mounted feed unit is available from Geispa Fasteners, Dalton Lane, Keighley, Yorks. (05352 7544).

Electrically powered, the mobile unit feeds rivets via a vibrator and pneumatic tube to the pistol, which is hydraulically operated. The cable to the pistol is 3 metres long, and operating speed is said to be 30 to 40 rivets/minute. The riveting cycle is automatic from feeding rivet to setting of the rivet, in a single operation.

The diameter of the pistol head is 300 mm. and of the expanding nose piece 22 mm., enabling rivets to be set in areas with restricted access. Rivets of different lengths and diameters can be set without re-tooling.

RESEARCH

Design aid role will grow fast

WORLD-WIDE studies of computer-aided design systems have been made by an international team of researchers from the International Institute of Applied Systems Analysis: their report is shortly to be published.

The researchers between them visited 85 organisations in 15 countries. And among the countries and organisations visited were nearly all those with a leading role in the use of CAD systems and techniques: the U.K., Japan, the U.S. and most of the countries of Eastern and Western Europe.

The report tends to indicate that in many ways the use of CAD is still much like the use of computers in organisational functions during the 1950s.

Much of CAD activity is initiated by industrial enterprises who tend to regard the resulting programs as proprietary; little or no effort is made to pool programs or information.

In this connection, the report concludes that though some problem-oriented analysis or processing programs (ECAP, APT, ICES among them) have achieved widespread usage in

many countries and could probably serve as bases for international interchange in design systems, no accepted international standards have as yet evolved for the efficient interchange of data or mutual use of CAD programs and facilities, and no candidate systems for such standards have yet emerged.

Though the report seeks to discuss CAD as a methodological discipline, the authors indicate that much of the work they have been investigating has not been of that order at all. It has instead been the ad hoc use of components in the design process—disorderly collections of programs rather than carefully conceived and specified CAD systems.

The report points out that CAD is more than the generation of computer graphics, and deals with the long-running argument about graphics in the CAD environment. Computer specialists are divided about the place of graphics in CAD.

This argument has its roots in graphics programming difficulties and the resultant high costs, both to buy and use—of many graphics systems.

The authors also make a start at grappling with the human problems that CAD causes when introduced into the design process. Design is essentially decision making; and one of the major effects of CAD systems is that they tend to push this function into the hands of those who write the design programs. But unless

such work is done by someone whose competence will not be challenged, the programs, and hence CAD itself, will for all practical purposes be rejected.

Use of CAD does impact on the exercise of professional skills of those within the design organisation. Unless great attention is paid to human factors, the introduction of such techniques will tend to breed a conservative and resistant attitude among the older members of the design team.

The authors write that these problems of the individual are admitted to be very real and difficult to solve everywhere. There is a promising way of enhancing job satisfaction and the status of those in CAD.

This is to be found within education, the provision of higher educational facilities and opportunities for practical designers to enable them to obtain post-graduate qualifications in CAD at Masters Degree level. Unfortunately, the only country in which such facilities are available was the U.K.

The survey report states that the inevitability of CAD has been recognised in some industries almost universally, particularly in electronics and ship building. It found too that utilisation of CAD techniques is rapidly increasing in some industries world-wide, particularly the automotive, transportation, chemical engineering, and civil engineering industries.

ELECTRONICS

Pulse train analyser

CONSISTING OF a portable case containing a digital test unit with 16 LED displays and a pair of probes, model PTA analyser from Jahri Electronic of Norway is able to investigate most types of pulse train.

The probe detects positive and negative pulses down to 20 nanoseconds and each time a reference interval occurs the signal combinations are stored and indicated by the LED displays adjacent to diagrams showing the nature of the signal. The instruments can show conditions that could not be displayed on an oscilloscope and an incorrect or absent combination between key signals is revealed immediately.

Displays show an "L" for low level signals, "H" for high level, and a blank for an open collector or floating input. A single

pulse memory is incorporated so that a pulse will cause a decimal point to appear when the probe impedance is switched to 11 megohms from the alternative value of 2 kilohms.

The pulse analyser is a single shot high current pulse generator that can be used for superimposing digital pulses into circuit nodes without the need to unsolder connections. The analyser is available in the U.K. from International Instruments, Cross Lanes Road, Hounslow, Middx. (01-570 6454).

MATERIALS

Cooling ducts for Nimrod

FOR THE exacting job of cooling electronic equipment in Nimrod aircraft, Hawker Siddeley Aviation has ordered filament-wound grp ducting from IMI Engineering Composites, the high performance reinforced plastics subsidiary of Imperial Metal Industries. The initial con-

tract calls for over 1,500 feet of diameter and 0.05 inches wall thickness, giving an estimated 30 per cent weight saving compared with aluminium alloy.

The ducting is filament-wound from Fibreglass "Equerove" E-glass rovings in a matrix of "Impol P924," a new polyester resin from ICI Petrochemicals Division. This resin attains the stringent classification of a low smoke, Class 1 flame-retardant polyester (to BS 476) in combination with a heat distortion temperature of 52 deg. C. It was chosen for these factors, and because of its high strength and stiffness.

The rear part of the ducting has a circular section of 5 inches

STEEL BARS AND SECTIONS

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COMPUTERS

Compact printer

A NEW serial page printer, Facit 4554, has been introduced by Facit-Adda. This addition to Facit's range of peripheral products comes complete with printer-mechanism, control interface electronics, power supply and character generator.

The printer has a print speed of 0.60 ch/s asynchronous and can be equipped with F. SCL, CGIT V24 or TTY in faces. Other features include printout on ordinary fan-fold paper with up to four copy carbon ribbon, format feed control and a power connector-keyboard units.

Facit-Adda markets typewriters, calculators, account systems, computer periphery and office furniture, and provides complete planning and design services for office landscape.

The company is based in Rochester, Kent, and is part of the Swedish Electrolux Group. The headquarters is at Main Road and the telephone number is 0634 401721.

Keeps track of cars

TRIAD has been retained by Police Scientific Development Branch of the Home Office to assist with the specification, design of an on-line management information system.

The work is being carried out with the co-operation of Dorset Police and the local authority and will contribute to the efficient deployment of resources by maintaining records of police activity in the county including the real time location and status of vehicles.

The work involves the design of special-purpose interfaces, including that between a dedicated mini-computer and the local authority 1904s, and also a specification of real time software for the mini-computer.

Triad is at 1 Dorset Buildings, Salisbury Square, London EC4Y 5ES. (01-553 6323).

CONTRACTS AND TENDERS

NOTICE FOR TENDER NO. 11/1975

TYRE FACTORY, TAGURA AREA, LIBYAN ARAB REPUBLIC

- The General National Organization for the Industrialisation invites International and first class local contractors to participate in the above tender, namely the Execution of work for a Tyre Project at Kilometer 17 Tagura Area, and which comprises the following:
 - Site Levelling works
 - To include excavation, filling and compaction work in accordance with the conditions indicated in the tender documents.
 - Structural and masonry works comprises the following:
 - Production hall with a total surface area of 47,712m². This includes a metal frame on a part of which the building for the mixer and the mills shall be constructed on a surface area of about 8,640m², and three storeys of concrete ceilings borne on metal structure.
 - Industrial services building on a total surface area of about 1,550m²; the ceilings shall be iron truss borne on concrete frame.
 - General services building on a total surface area of 7,000m² of a concrete frame. The project shall be established on a surface area of 300,000m².
- All works shall be according to the specifications and drawings attached to tender documents. Tender documents are obtainable from supplies department of the General National Organization for Industrialisation against payment of L.D. 500.- (five hundred Libyan Dinars). The contractor may apply for an extra copy of the documents against payment of L.D. 300.- (three hundred Libyan Dinars) both not to be reimbursed.
- Tenders should be submitted in the name of G.N.O.I. not later than 12 noon on 13.7.75 which is the date of submitting the tenders. The opening of the tenders will take place at ten o'clock on 14.7.75.
- Tenders must be accompanied with a provisional guarantee deposit of L.D. 100,000.- (one hundred thousand Libyan Dinars) in the form of either:
 - Letter of guarantee issued by a first class Libyan Bank, and valid for 3 (three) months from 14.7.75.
 - A cheque acceptable to Libyan Bank.
- Tenders submitted after the date and time as specified, or those not accompanied by the provisional guarantee deposit, will not be considered.
- All foreign companies are requested to accompany their offer by letter stating their financial and commercial status authenticated by the chamber of commerce and duly legalized by the L.A.R. competent consular service. If any false information is given the Organisation will cancel the offer and liquidate paid bond.

The General National Organization for Industrialisation,
P.O. Box 4355,
Tripoli,
L.A.R.
(Cable Address—TASNA LIBYA) El-Sherief/Fahmy

INVITATION TO TENDER

TENDER NO. 55/B/1/75

SHARJAH—RAS AL KHAIMAH (SECOND CARRIAGEWAY)

The Ministry of Public Works invites suitably experienced contractors to tender for the construction of the Sharjah-Ras Al Khaimah second carriageway.

Tender documents may be obtained from the Ministry's offices in Abu Dhabi with effect from Saturday 14.6.75 against a non-refundable fee of DH.5,000 (dirhams five thousand-only).

Completed tender should be accompanied by a tender bank guarantee valid for 90 days for the sum of DH.1,000,000. The successful tenderer will be required to provide a 10 per cent. performance bond valid for the contract period.

Completed tenders should be submitted in three copies (original and two copies, duly signed and stamped by the contractors) together with all the tender documents and drawings, including the required tender bank guarantee. These should reach the Ministry within sealed envelopes displaying the subject and number of the tender on the front of the envelope, not later than 6 p.m. Sunday 3.8.75, and addressed to:

The Ministry of Planning,
Permanent Projects Committee,
Abu Dhabi,
(Behind Al Khubarah Building No. 13).

Tenders arriving after this time and date will be rejected.

The Ministry is not bound to accept the lowest tenders.

This invitation must be read as part of the tender document.

Hamdan Bin Mohammed Al Nahyan,
Minister of Public Works,
United Arab Emirates.

BOROUGH OF PRESTON

2208m STEEL PIPELINE — 450mm DIA

Tenders are invited for the supply of 367 lengths of 450 mm internal diameter 10 mm thick steel pipe. Each length to be 6m long complete with flanges.

An alternative price is to be submitted for 8 mm thick steel pipe. Pipes are to be of steel material of shipbuilding quality or equivalent.

The tenderer is required to provide a bond for ten per cent or such higher percentage as may be required by the first contractual payment.

Tenders should be submitted in duplicate in sealed envelopes marked tender No. 2045/3/R to Mr. H. T. Heap, Chief Executive Officer, Town Hall, Preston PR1 2RL, LANCASHIRE

The closing date for receipt of tenders is 12 noon on 14th July 1975.

CONTRACTS AND TENDERS

Appear Every Monday

For further information

Contact: Rosemary Andrews

01-236 0107

BOROUGH OF PRESTON PROCUREMENT OF DREDGE SERVICE TENDER

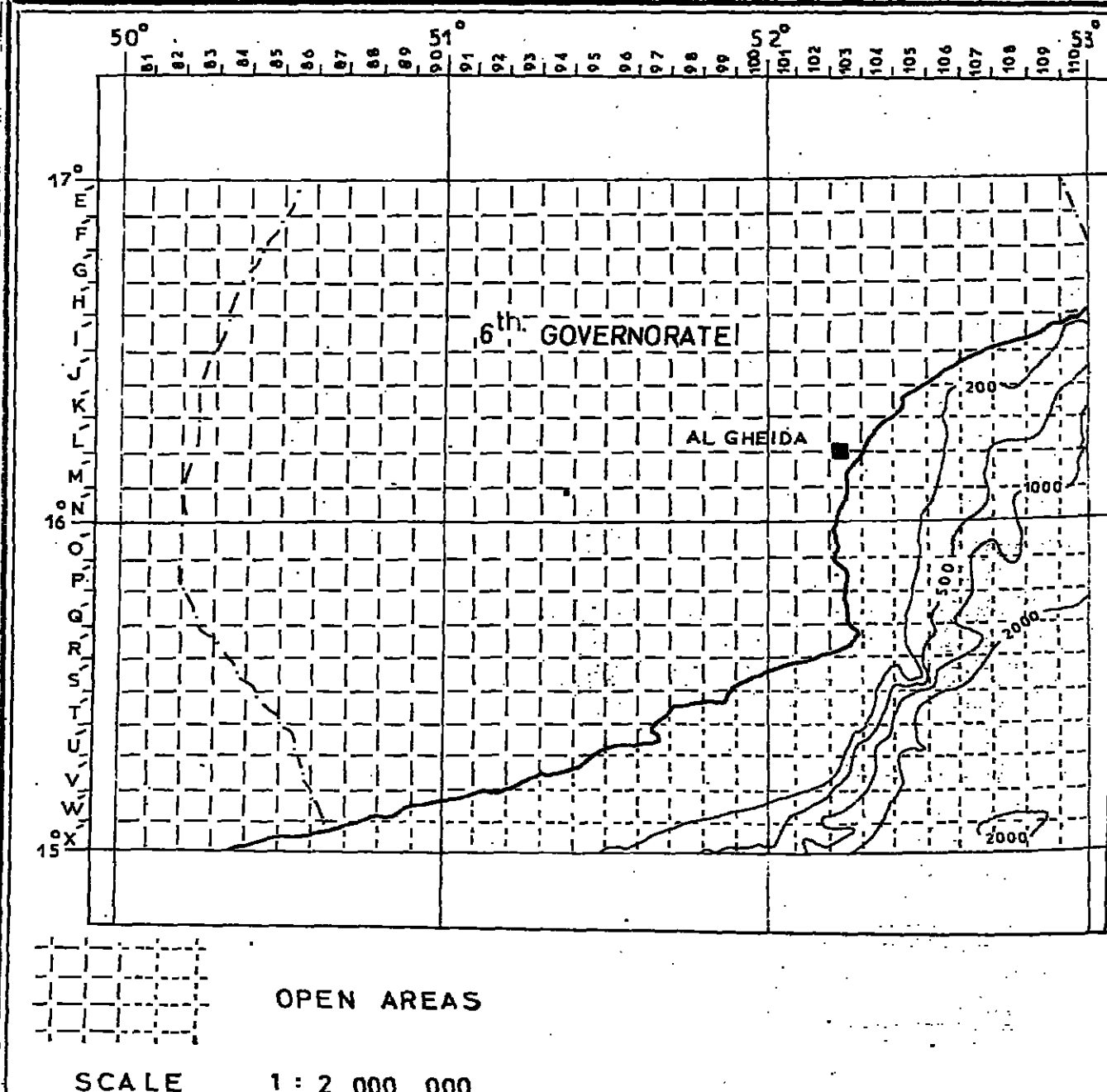
Seadrec (London) Ltd. have been commissioned to invite tenders for the above equipment.

The scope of work is to construct, deliver, re-erect (if necessary) and commission the equipment.

Tender documents are available from SEADREC (LONDON) LTD., 17A CURZON STREET, LONDON W1Y 7FL.

The tenderer is required to provide a bond for 10 per cent, or such higher percentage as may be required by the first contractual payment.

The closing date for receipt of tenders is 12 noon on 17th July 1975.



OIL EXPLORATION & EXPLOITATION INTERNATIONAL BID

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN (P.D.R.Y.) — PETROLEUM AND MINERALS BOARD (P.M.B.) announces the offering of the above shown open areas in Al-Ghaida region of the 6th Governorate:—

- Terms are based on 'Production Sharing'
- Maximum area is Ten Thousand square kilometers per single contract.
- Minimum obligation should be supported by Letter of Guaranty, but not less than seismic survey and drilling of two wells within the first 3 years.
- Cost of Recovery out of 40% for Company. The rest 60% is split as follows: Company 12% P.M.B. 48%.
- Realised price of excess cost recovery crude returns to P.M.B., P.M.B. has also the right to take excess cost recovery crude in kind.
- Old data are available for investigation at P.M.B. Office—Aden.
- Please communicate before end of August 1975 with:

P.M.B. CHAIRMAN

CABLES: YNOC ADEN TEL.: 24155
TELEX NO.: 215 AD 24993

المكزات الدحل



Building and Civil Engineering

Wimpey at work in Scotland and Kent

IN SCOTLAND, George Wimpey & Co. has just been awarded two housing contracts which between them total over £5.1m. The biggest of these contracts is for 321 single and 2-storey No-Fines houses which are to be built in the Deans District of Livingston New Town.

This contract, which includes all site preparation work, has just started with an estimated completion towards the end of 1977. It will bring the total houses built for the Development Corporation by the Company to more than 1,300 in the past seven years.

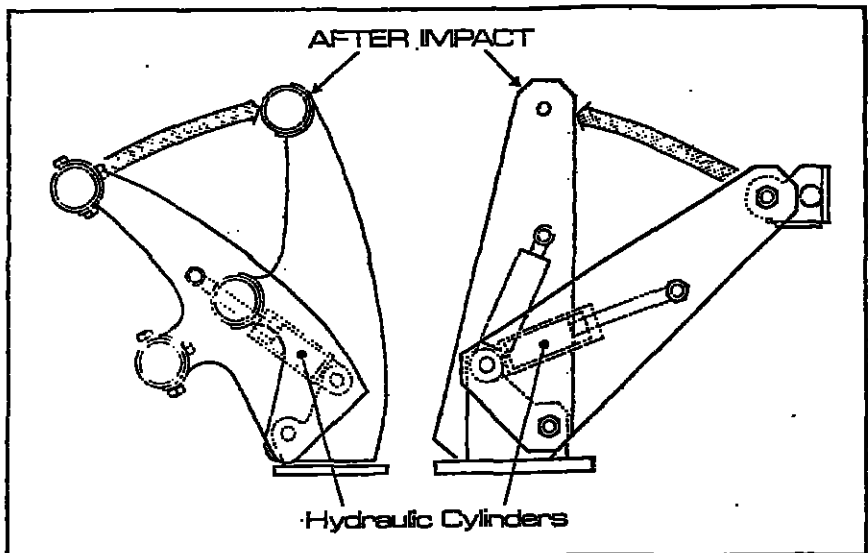
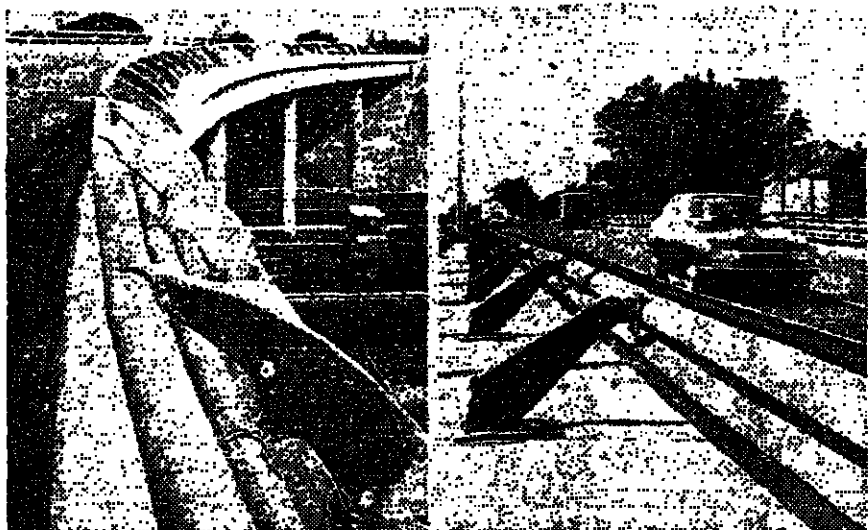
The second contract is for 168 two-storey houses which are to be built in the village of Milton of Kildary in Ross-shire for the Scottish Special Housing Association.

Again, the houses will be built in No-Fines. Site servicing is due to start soon and it is expected to be completed by mid-summer 1977.

Down at the other end of the U.K., Tonbridge & Malling District Council has awarded the company a £2.4m. contract for 203 No-Fines houses and flats at Sandiand, Kent.

Work is due to start to-day and be completed in two years.

Shown here are two designs of road safety barrier based on an energy-absorbing device to form a structure which already has been proved by extensive testing to be considerably superior to conventional rigid barrier types. The device consists of a high pressure hydraulic cylinder built into the barrier post. This helps to reduce the severity of vehicle impact by progressive yielding and thus cuts the risk of injury to car occupants. The system also helps to reduce the danger of a vehicle breaking through the barrier or, equally dangerous, rebounding from the barrier and careering across the path of other traffic. Road Research, a Burmah Group company at Market Drayton, evolved the design. It uses high strength, cold drawn seamless steel tube produced by Tubes (TI Steel Tube Division) which has collaborated with Road Research during the five-year period of investigation of safety barrier design and the evolution of the company's own superior product. The idea is now being incorporated into vehicle bumpers and has been shown to provide complete protection to the vehicle body at impact speeds up to 5 mph.



Variety of jobs for Espley-Tyas

MORE THAN £4.2m. worth of contracts have been awarded to Espley-Tyas.

The largest, worth over £1.1m., is for two- and three-storey blocks of shop, office and flat accommodation with an arcade between, and sundry other buildings, at the Cannon Park District Centre, Coventry.

Also to be built in the centre is a £785,000 supermarket for J. Sainsbury.

The other contracts are for housing at Wellesbourne for Stratford-on-Avon District Council (£496,000), a station at Gloucester for British Rail (£507,000), a NAAFI shop at Hereford for the Property Services Agency (£182,000), a hospital school (£500,000) and several small jobs with a total value of £688,721.

£4.1m. homes project

G. E. WALLIS and Sons has won a contract worth over £4.1m. for the building of houses in Murchison Road, Kensington, London.

The contract, which is for the Kensington Housing Trust, involves demolition of existing housing, and the construction of 244 dwellings, and an office block.

Work will start soon and is scheduled for completion by September 1978. Architects are Chapman Taylor Partners.

Midlands jobs by Tarmac

TARMAC GROUP has won two contracts worth more than £1m. from Telford Development Corporation, Shropshire.

The larger is a 10-month contract worth £673,000 for the construction of 6,300 metres of open surface water channel with 40 small structures from Rushmore to Wappenshall in North Telford.

Pipe trenches, dual culverting, open channels and 170 metres of 2-metre diameter tunnel are included in the second contract valued at £542,000, to be carried out at Oakengates over a 43-week period.

Meanwhile, McLean Investments, a development company within the Tarmac Group, has begun work on another phase of its development of Chase Park Industrial Estate, at Chase Terrace, Cannock (Staffs.).

This will comprise three basic buildings capable of providing up to 11 units of accommodation of 3,000 to 6,000 sq. ft. The units should be completed by November, by which time McLean Investments hopes to have begun work on the final phase which will make a further 50,000 sq. ft. available.

The estate already has a block of three units in full occupation and work on 35,000 sq. ft. premises for the Bloxwich Lock and Stamping Company is well ahead.

Total value of the estate contract is £1.6m. and when finished it will cover a total area of 150,000 square feet.

Naval base extension

GLEESON Civil Engineering has been awarded a contract worth £554,457 by the DoE Property Services Agency D. W. Navy (Home) for the construction of Dock Pier Berth Stage 1 at H.M. Naval Base, Portland, Dorset.

Work is due to begin on August 11, 1975 and the contract period is 18 months.

It provides 132 metres of improved berthing facilities on the loading pier. This is by the erection of a reinforced concrete deck on steel piles with an integral sheet steel pile retaining wall. The 450 tonnes of piling include Rendex, Unissen and sheet piles.

The associated work includes the dredging of 26,000 cu.m. for the approach channel, a new substation, services and suspended walkways.

Old people's residences

HOMES for the elderly worth over £1m. are to be built by V. J. Lovell (Building) under contracts awarded by Surrey County Council and the London Borough of Ealing.

At South Mersham, Surrey, the company will build a two-storey home providing single and double bed-sitting rooms round a central quadrangle. Costing £277,988, the work will last 78 weeks.

Two overlapping two-storey wings, with a single-storey kitchen and services wing will provide accommodation for 40 elderly persons and a warden at Wood End Way, Whitton Avenue, Northolt, at a cost of £284,387.

Big shopping centre

THE NORWICH structural engineering firm of Boulton and Paul has been awarded a contract worth nearly £7m. for the supply and erection of structural steel work, precast reinforced concrete floor units, and glazing, for one of the largest covered shopping centres in Europe at Milton Keynes, Bucks.

Big housing scheme takes shape

A £3.2m. contract for housing—phase five of the March Farm development—has been awarded to M. J. Sharkey (Contractors) by Luton Borough Council.

The contract is for 250 houses and 120 flats and brings the total value of the March Farm development awarded to Sharkey (11 contracts) since the inception of the development. The company has completed phases two and three (£1.8m.) and is currently working on phase seven (£3.1m.).

The March Farm development was started in 1967, and when complete at the end of 1977 will include over 1,500 houses, 520 flats, 336 multi-storey flats, 43 maisonettes and 22 bungalows, housing a population of nearly 10,000.

£1m. awards to Rush and Tompkins

TASK CONSTRUCTION, North-Eastern subsidiary of the Rush and Tompkins Group, has been awarded six contracts totalling almost £1m.

The contracts are for a school for the physical handicapped for Cleveland County Council (£360,000), extensions to a telephone exchange at Middlesbrough for the Property Services Agency (£174,000), advance factories 4 and 5, South Nelson Industrial Estate, Cramlington for Northumberland County Council (£154,000) and extensions to a switch house for Imperial Chemical Industries (£175,000).

Other contracts are for alterations to premises at Stockton-on-Tees for Leeds Permanent Building Society (£91,000) and workshops and offices at Hartlepool for Hartlepool Water Co. (£30,000). In addition Rush and Tompkins Scotland has been awarded a £180,000 contract for an extension to the Telephone Exchange at Lochgilphead.

Warehouse building by Wates

BUILDING an 11,925-square-metres distribution centre for the South Suburban Co-operative Society on reclaimed land in Boddington Lane, Croydon, is the subject of a £1.6m. contract won by Wates Construction.

Work on site has begun—only four months after the Wates team's first discussions on the project with the Society's planning advisers. Completion is for July, 1976.

The site was formerly a Croydon Corporation refuse tip and the first task is to provide 10,000 cubic metres of fill. After the fill operation 800 piles of 40 feet will be driven and a complex system of ground beams laid, before the concrete base slab is poured.

This contract was awarded to Wates Construction under the two-stage negotiated tendering method which has had the recent endorsement of the Wood Committee Report issued by NEDO.

Architects for the project are Building Design Partnership and the quantity surveyors are Stern and Woodford. The whole team is led by Planned Warehousing, distribution management consultants.

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Cementation wins £3m. contracts

TWO CONTRACTS worth about £750,000 have been won by Cementation Piling and Foundations. One is in South Wales, the other in Southend, Essex.

In South Wales, the company is to carry out a piling contract for two bridges on the Stormy Down-Groes section of the M4 London-South Wales Motorway.

For one of the bridges over 5,000 cast in situ bored piles of 500mm diameter are to be constructed to depths of some 20 metres. At the other, known as Keng's Viaduct, 1,300 driven in situ piles of 350mm diameter are needed.

This part of the work has been sub-contracted by Cementation to West Piling and Construction. Value of this contract is £480,000 and main contractor is Bovis Civil Engineering. The Southend contract is for

Homes and warehouses

THREE CONTRACTS worth nearly £1m. have been won by FPA Iminegan, a subsidiary of the FPA Construction Group.

One of them, valued at nearly £814,500 and awarded by Medway District Council, is for the construction of 71 houses and 10 flats at Cliffe, Kent.

Another is worth £310,545 and involves two industrial warehouses at units C and D of the Ringway Industrial Estate, Huddersfield.

The third is to re-model and extend office premises owned by the Scottish Amicable Assurance Society at East Parade in the centre of Sheffield.

Speeds the heating installation

FACTORY prefabricated pipe work, which it is claimed enables domestic central heating installations to be immediately assembled on site, is being produced by W. S. Lowndell (Nutbourn), Micon Works, Star Road, Partridge Green, Horsham, Sussex (BN40 7JG), which recently opened a new factory to make the system.

When a contract is gained, exact requirements according to the type of dwelling are pre-determined. All materials and components are purchased, sub-assemblies made, pipes cut and pre-formed, and the complete system labelled and packaged at the factory.

On site, much of the fitter's work is already done, saving time, labour, materials, and the complexities of widely varying equipment regulations which confront them.

Epoxy coats for piping

IN WHAT is believed to be the first venture of its kind in Europe James Lithgow (U.K.) of Buckley, North Wales, has commissioned a plant for the external-powder coating of steel pipes up to 13 metres long and one metre diameter.

The first contract is for the processing of a 24-inch flare stack line 824 metres long in 40 feet lengths for Frigg Field, placed by Brown and Root on behalf of Elf Norge, acting on behalf of a joint venture including Total Oil Marine and Elf Oil Exploration (U.K.) and Aquitaine.

The coating specification is for Scotchcote 208 epoxy powder applied to a minimum control thickness of 0.012 inches and electrically tested for solubility.

Four Kent contracts

TOTALLING £800,948, four contracts in Kent have been awarded to R. J. Barwick and Sons.

For Thanet District Council, a seven-storey block of 41 two and three person flats, caretaker's maisonette and community rooms are to be built at Hardress Street, Ramsgate. Costing £395,440, work should be completed by Christmas 1976.

At St Thomas's School, Millenary Road, Canterbury, an assembly hall, kitchen, offices and store is to be built for the concrete and brickwork.

Craftsmen form a guild

TO AVOID confusion with other bodies in the construction industry, the Federation of Master Craftsmen has changed its name to the Guild of Master Craftsmen.

It is an independent non-profit-making body, set up to further and protect the interests of self-employed craftsmen in the private construction and maintenance industry, and to protect the public against shoddy work and sharp practice.

Membership (£15 p.a.) is open to all self-employed craftsmen in the private housebuilding sector, provided they can prove their honesty and competence and can provide references from satisfied customers. Members benefit by free advice on taxation, legal matters, finance, planning applications, surveying and architecture, and company credit rating.

The Guild is at 48 Old Bond Street, London W1 (01-629 14831).

North Wales sewage unit

POCHN, the Cheshire building and civil engineering group, has won a £879,000 contract to build a sewage works at Llandyrnog, North Wales, for the Dee and Clwyd division of the Welsh National Water Development Authority.

Preparation of the site has begun and the project is due for completion within 18 months.

The three-acre site is in the same village where Pochon is almost halfway to completing a £716,000 extension to a crematorium for the CWS. Work is due for completion there next April.

Advice for North Sea suppliers

COMPANIES servicing and supplying oil and gas rigs in the North Sea can now benefit from a new Offshore Advisory Service which has been established by BSI as a subsidiary section of its Technical Help to Exporters Department (THE). It aims to help companies baffled by the complexities of widely varying equipment regulations which confront them.

tional tariff-free types, the roof was designed for use in combination with Butler Structural Systems, a factory-produced system for constructing low-rise commercial and industrial buildings.

Installation is by a self-propelled roll-forming machine which seams the edges of the metal roof panels under pressure into a double lock standing seam. The seam incorporates a factory-applied sealant.

The 24-inch wide panels have a partially formed edge, which serves as a track for the electrically powered seaming unit which operates at about 13ft./minute.

Metal roof saves cost and labour

Developed in the U.S. by Butler Manufacturing Company is a roofing system called "MR-24" which uses 24 gauge steel strip hot-dip coated with aluminium, which operates at about 13ft./minute.

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Description	Price P.O.A.	Telephone	
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Boothell 900/HK RSCA 1973 Newall SA Cylindrical Grinders—High Speed, 12" x 36" Angle Head, Plunge up to 10" wide with copy	£4,000	01-253 6006	
Continuous mixing plants by Gardner with pneumatic weigher by Darnett, Feed screw conveyors. Output up to 25 tonnes per hour. Console controlled by single operator. New 1971	From £15,000	Tel. 02092-4357	
Plastic or rubber Vickers Transformer E150, new 1971. Complete with 250 hp Thyristor drives (4 off)	P.O.A.	06284 71555 Telex: 923969	
N.C. Flexowriters for Punching N.C. Programme Tapes—Rebuilt with 2 year Guarantee—Save up to 50%	£15,000 each	06284 71555 Telex: 923969	
Fork Lifts, Fully Renewed, large selection, 6 months warranty Purchase and Sale of Reconditioned Rolling Mills, Wire Drawing Plants, Levelling, Slitting and Coil Processing Equipment	Prices from £895	Dudley (0384) 57453	
Wiedemann Turret Punch Press S 1528 GEC Century Control Unit 15 tons capacity 1971 Ravensburg Fine Plate Lathes Model P20-B23	£1,350		
Herbert De Vlieg Spiramatix Milling, Boring, Drilling and Milling m/c. Series 43N/48 with Datatrol Mark III Numeric Control System, 1967. Immaculate condition	£36,000 +VAT	01-228 6555	
Clearing Type F/2700/168, Single Action, Two Point Suspension 700 Tons Power Presses	£50,000 +VAT	01-228 6555	
Liebherr Tower Crane 190C/SH IRO 932, 1971. Height 82.5m. Free standing. Radius 50m. Capacity 34 tons at max. radius 10 tons at 17m	£65,000 +VAT	01-228 6555	
Electron Microscope, Siemens Elmiskop I	£30,000 +VAT	051-525 4141	
Putzkoche Type 548 Plastering Machine, Slightly used Wadkin SCD 50m. N.C. Miller with Flexowriter. Unused.	£19,790 +VAT		
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Complete		0384 69113	
		061-633-2351	

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Public expenditure: continuing our series, Anthony Harris discusses ways to stem the ever-increasing local authority housing deficit

A radical look at the council tenant

IN A RECENT exchange in the House of Commons a Tribune group back-bencher claimed that he had learned, through the brick industry, that the Government was planning to build new local authority housing by no less than 50 per cent. within a year. Ministers replied with the usual denials and evasions, but there is no doubt that many people in the local authorities which will have to build the housing would be deeply relieved if the rumour were true; indeed, one financial officer of a very large local authority recently told me that it was an essential first step to taking any sense of housing policy and local finance would be to stop public sector building entirely, and for the indefinite future.

Altogether, there is a smell of change in the air. The review of housing finance commissioned after the last election by Mr. Anthony Crosland has become a focus for radical thinking, but the review itself was only a response to an increasingly intolerable situation.

Total public expenditure on housing is now running at about £3.5bn. annually, with a building programme of £2bn., subsidies approaching £1bn., rent allowances and rent rate rebates approaching £300m., with smaller sums for improvement grants, option mortgages and the like. In addition, tax allowances against mortgage interest will reach some £750m. this year. The total result of all this expenditure, in the context of existing policies, is largely inappreciable: a housing market in which record levels of homelessness go along with a post-war record of vacant housing, in which the effective cost of a mortgage is highest for the richest buyers and the poorest council tenants subsidise their richer neighbours,

and private renting is in enforced decline. At the same time the structure of the market and its financing have drastically reduced labour mobility, and inhibited Governments from pursuing their declared monetary objectives. The strategy of subsidising demand in the private sector as well as supply in the public sector, has driven up the price of housing land in the U.K. to about the highest level in Europe, in spite of relatively low incomes.

Crisis

However, it is not the general and illogical mess of housing policy which has stimulated the present efforts to start afresh, but one particular crisis: the intolerable strain on local government finances produced by rising interest rates and a continued high-cost building programme. A combination of rent freezes to encourage wage restraint and rapidly rising land and construction costs has brought on the crisis rather suddenly; but a crisis would have come sooner or later in any case, simply as a result of the declining average age of the public sector housing stock. The reason for this is one of the less understood features of public sector housing: the main protection for council tenants lies not in the subsidies which the Government gives (until rents were frozen by Mr. Edward Heath, local rents covered some 75 per cent. of costs), but the fact that councils charge rents based on the historic cost of their houses, and not on their market value. The older the housing stock, the bigger the gap between average historic cost and current cost, and the lower the "economic" rent can be.

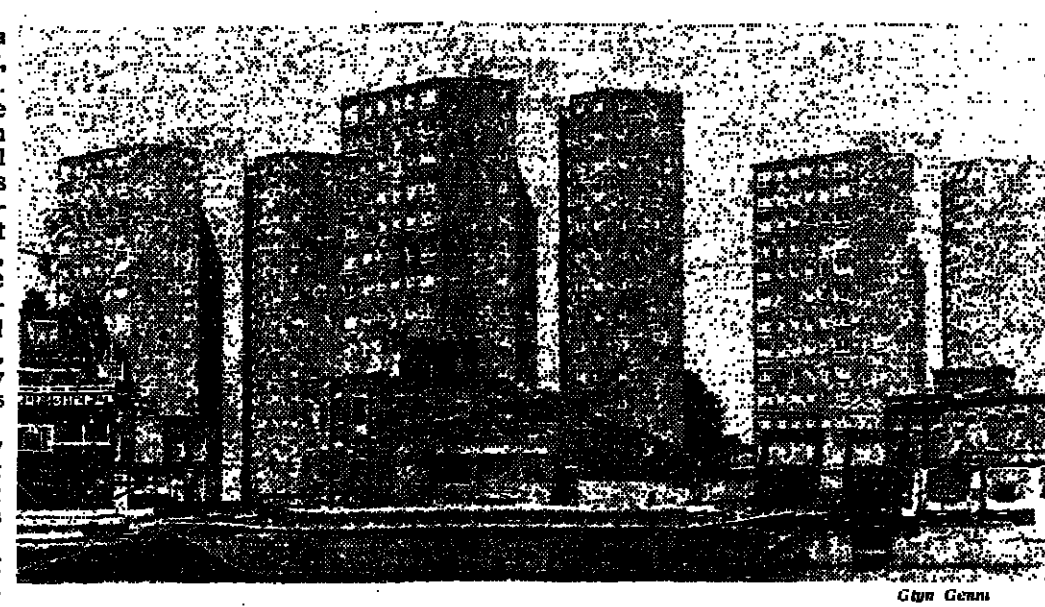
Imagine, for a moment, that there had been no inflation after

1960, and that at that time a council house could be built, including land, for £6,000. Assume that in 1980, the average historic cost of the houses run by the Brackenhurst Council was £2,000. In the next 15 years Brackenhurst doubles its housing stock: half has now cost £6,000, half an average of £2,000, and the average cost for the whole stock is now £4,000. Without any inflation at all, and simply because of new building, the "economic" rent—as every Government has defined it—has doubled.

In fact there would be very strong political pressure to resist a steady rise in council rents at a time of generally stable prices (including stable prices for new houses). There is equally strong resistance to the actual need, recently restated by Mr. Crosland, to raise rents faster than the rate of inflation. It is the hidden "subsidy" represented by historic costs, and its steady but unnoticed disappearance as new building continues, that goes far to explain the repeated political and financial crisis over rents and subsidies in the public sector. It is equally true to-day that even if inflation were successfully stopped by Mr. Denis Healey, and if rents were raised at once to "economic" (historic cost) levels, they would still have to go on rising in future if new building continued.

We have so far discussed steady prices and, by implication, a steady rate of inflation. Our actual experience of accelerating inflation has made matters a great deal worse, because it has led to higher interest rates.

Since council houses are amortised over a period of 60 years, interest rates are by far the biggest item in the cost borne by housing revenue accounts, and supported by sub-



Thameside council flats: in some local authorities not even a total cessation of building would stop their housing deficit, as refinancing continues.

sidies. The burden of interest rates varies a good deal from one authority to another, according to the judgment of past finance officers in the length of loan raised to support new building, and the consequent accidents of refinancing at very much higher interest rates. In general, however, housing revenues have had to cover a rapidly rising percentage of a more slowly rising average cost per dwelling. This is in fact the major explanation of the crisis at the moment: in the past decade the current account deficit of local authority housing has increased about tenfold, from £150m. to £1.5bn., largely because of this.

The combination of average cost algebra and interest rates leads to an odd conclusion: it is very difficult to make any large cut in housing subsidies as a contribution to reducing inflation, since rents, less rebates,

now cover only 44 per cent. of outgoings. The rises Mr. Crosland has been demanding will almost certainly be delayed by pay restraint.

On the other hand, if inflation is convincingly reduced by alternative means, and interest rates fall sharply, the housing deficit could also come down, though only over a period, since many of the loans now falling in for refinancing were raised some years ago at much lower rates.

For the moment, however, the full-scale crisis persists: in some authorities it is true to say that not even a total cessation of building would stop their housing deficit rising, as refinancing continues. More important, a situation in which local authorities simply cannot contemplate the rent increases Rover became available. The Parker-Morris standards of old buildings to cover the cost

of new ones—the subsidy given by mainly poorer tenants to mainly richer ones—is provoking the very radical questioning which is now becoming fashionable.

The question of whether local councils should put up new buildings is a perfectly serious one. An idealised housing market—one which ignores the awkward fact that a house next to your place of work is rather more useful than one in rural Scotland—would function rather like the car market. The rich would buy new houses, the poor secondhand.

The present housing policy, on the other hand, is roughly equivalent to saying that any one who could not afford a secondhand car should sign on to a waiting list, and use a bicycle until a State-subsidised Rover became available. The Parker-Morris standards of space and equipment for new

public sector housing are now significantly higher than those provided in low-cost private sector housing for sale.

There can be no doubt that a combination of higher rents, within the limits set by pay restraint, and lower costs for future additions to the public sector housing stock, offer the best hope of checking the slide into ever-increasing deficit; but results, inevitably, will be slow.

Indeed, whatever approach is suggested—the sale of some council houses (now favoured by some Labour councils), or the reduction of council maintenance and management services, possibly as part of a drive towards co-operative tenant management—can make only a limited impression on a subsidy bill which is largely the result of past expenditures and past financial decisions. Is there any way, therefore, of achieving quicker results?

This question becomes a sinister one when it is remembered that owner-occupiers are also being scrutinised in Mr. Crosland's review. It is being noticed that the owner-occupier, like the council tenant, enjoys some large hidden benefits: notably, he can borrow far more cheaply than can the public sector, due to the curious position of the building societies, and he pays no tax on the benefit of ownership. This is not a particularly Socialist thought: Mr. Enoch Powell has probably been more scathing about the "swindle" represented by the abolition of Schedule A 15 years ago than any Labour politician. Mr. Crosland has not mentioned Schedule A, but he sometimes seems to come near it.

The logic of a tax on notional income, like that of a subsidy which considers simply of failing to take a profit, is not

generally understood, but it is simple enough. A neutral tax system would not make any special concession to occupying a house, rather than owning it: therefore it would be just as advantageous for an owner to let his house and rent another as to live in it himself. This is not so, since Schedule A was abolished, because he is taxed on any rent he charges, but not on the rent he saves by living in the house himself. Originally, of course, the tax allowance against mortgage interest was an allowance against this tax on ownership: only a net benefit of ownership, after financing and maintenance costs, was charged. Mr. Crosland's remarks on the unequal treatment of those who have bought a house recently, and are burdened with heavy mortgage payments, and those who bought a long time ago, are surely a hint at something like Schedule A.

General tax

To reintroduce a general tax on home ownership would be to slaughter a sacred cow of truly monstrous size: it may prove politically impossible. Nevertheless, it is as true in the private as in the public sector that public money—loss of potential revenue—is being used in a way which bears virtually no relations to need, and which impedes mobility. Given the intractability of the public sector problem, the substantial policy changes already made there, and the slow financial results which they are likely to produce, the temptation to tackle the finances of owner-occupation must be strong, particularly for this Government. Its almost invisible majority is probably the owner-occupiers' best protection for now.

Letters to the Editor

Dockwork document

From the Chairman, Kent Export Association.
Sir,—We are concerned at the possible disruption of industrial relations in industries, independent ports, and container terminals that could be envisaged by the Government's consultative document on dockwork, and developments that may take place in the event of his becoming law.

We feel that workers at these independent places may be unaware of the implications contained in this document and how their future employment and ways of working can be drastically altered.

When the present day emphasis is more and more on good communication between management and work people it seems a tragedy that the Government appears to be bent on this piece of legislation at the expense of other workers in other unions. It would seem highly likely there will be a great increase in demarcation disputes as to who does what and the various points outlined in the document are so vague at times that it leads one to believe that any Secretary of State at any time in the future, once the main Bill becomes law, may expand or alter it to cover where he chooses.

We are not concerned with the political ideas behind this extension of the dock labour scheme, and we accept that there may be some areas of the present scheme which require drastic overhaul, but we are concerned that there should not be any severe disruption of the country's exports which we feel highly likely unless the points outlined in this document are considerably reworded. Furthermore there should be more public discussion by all the various unions that may be affected by its when Mr. Shibley, 1, Boleyn Street, Latham, Kent

Unit of account

From Mr. P. Ricketts.
Sir,—Economic illiteracy abounds in high places so that it is hardly surprising that the line is led to believe there is an alternative to statutory wage and price controls to cure inflation.

Inflation is nothing more and nothing less than debasement of a currency. Neither the increase in money incomes at a rate faster than output nor the increase in prices which accompanies it should be called "inflation". Indeed should "inflation" be attributed to the expansion of the money supply which merely reflects a multiplier effect of the true price. For "inflation" should be strictly defined as the increase in the supply of notes and coins at a rate faster than output. The Government alone bears a responsibility for inflation because it has the exclusive prerogative of the issue of legal tender through its agent the Bank of England. The simple expedient of restricting the rate of increase of the amount of legal tender currency in circulation would rapidly stem inflation. The process would almost certainly bankrupt the Treasury itself in addition to large sums of commerce and industry. The return to honest money, reform, must be gradual but the incentive much could be achieved by establishing a "unit account" indexed to the

Apples in the basket

From Mr. C. Kaderli.
Sir,—Regarding Mr. Blakey's remarks (July 1) concerning Special Drawing Rights (SDR), I would like to correct his opinion. Indeed, it has become difficult to follow up the different baskets: that is, European Unit of Account (EUA), European Composite Unit (EUCU), European Currency Unit (ECU), and now SDR. As Mr. Blakey states the U.S. dollar is the leading currency (32.2 per cent.) in the SDR-basket. The pound sterling, however, only in third position with 8.8 per cent. The Deutschmark is holding the second place with 12.9 per cent. So it is not correct to state "the Deutschmark or the Swiss franc have relatively minor weightings". The Swiss franc is not in the basket, Switzerland not being a member of the International Monetary Fund.

Many buyers did not find "rotten apples" in the market, since loans issued in Special Drawing Rights by Alusuisse, Sveriges Investeringar, Elettredit de France have been oversubscribed many times. Christoph Thomas Kaderli, 14, Rue Calvère, 1204 Geneva, Switzerland.

Purgatory in the piazza

From Mr. J. Davies.
Sir,—As someone who works adjacent to the Commercial Union "Piazza" in the City I take issue with the comments of one of your correspondents in the Property Survey on June 30 who eulogised the piazza's merits. Anyone who walks across it frequently will testify that: (a) it must be one of the most efficient wind tunnels in the City; (b) it is seldom possible to see very far due to the fact that dust is blown into one's eyes; (c) when it rains, street water collects in countless minor lakes. For the rest of the time it lies empty, lifeless and colourless—as good an example of a concrete desert as one is ever likely to see. No imagination at all has been used in making use of the space. Would it not be possible to install some wind-breaks, chairs and flowers and to permit informal commercial activities? Please, could someone in the appropriate authority show a

little imagination and bring the piazza to life—even bending a few by-laws if necessary.

The success of architect should be judged by its impact on those who use the buildings and space, not by the effect of glamourised photographs. Jonathan Davies, 1, Stonehill House, 1, ibingdon, Oxfordshire.

Maintaining moderation

From the Chairman, Counts Branch NUBE.

Sir,—I was interested to read the letter (July 2) from Mr. J. Orchard setting out quite forcibly his views on the decision of the National Union of Bank Employees at the delegate conference to apply for re-affiliation to the TUC, since they coincided with my own personal views on the subject when discussing it before the conference took place. Mr. Orchard's feelings are indeed recognised in the General Secretary's column in the July issue of NUBE News.

To use current trite parlance a democratic decision has been reached and it is for us as NUBE members, however we may be to accept that decision. At first sight to pay any penalty at all for re-joining a body which expelled a union from its midst for acting in accordance with the terms of the law as laid down in the Industrial Relations Act, may appear to be ridiculous and we must await learning the terms of re-entry. Nevertheless the TUC for all its shortcomings is the right body to which NUBE should belong since in my view the presence of such responsible unions as NUBE is essential in exerting a moderating influence on the big battalions. I hope therefore Mr. Orchard will continue to remain a member of NUBE and will indeed encourage his colleagues in the Trustee Savings Bank of which I believe he is a member, to join the Union so that the longstanding tradition of moderation and responsibility within NUBE is maintained. C. J. G. Milligan, 101, St. Martin's Lane, W.C.2

NUBE and the TUC

From Mr. T. Burns.
Sir,—As a past president of NUBE and the man in office when NUBE was suspended and subsequently expelled from Congress may I reply to Mr. J. Orchard (July 3).

Without wishing to argue the merits or demerits of NUBE's expulsion I happen to believe that, while NUBE had justification for its protest against expulsion, the TUC also had some justification for its action. In the present circumstances it is right that we, as a bona fide trade union, should apply for affiliation to the body wherein our voice, as sincere and responsible trade unionists, can be heard in the best advantage. If Mr. Orchard will take full possession of all the facts, he would realise that NUBE is not an amiable or a return to the fold can be in hand or even in mind. If the application is granted and the terms of entry are right, writing will take place, rightfully, in Congress. At this stage it is presumptuous in the extreme to talk about payment of back fees of £30,000 and it would appear that Mr. Orchard is exercising his responsibility as a union mem-

ber from a completely isolated position and without benefit of knowledge.

It is the last two factors, isolationism and lack of knowledge, by members which bedevils the trade union movement to-day and brings it into disrepute. T. G. Burns, 63, Lang Lane, West Kirby, Wirral, Merseyside.

Uninhibited judgement

From Mr. J. Poole.

Sir,—Mr. T. Sharpe's metaphor (June 28) "blaming the meteorologists for the weather" is, I think, even less intelligent than he rates Mr. Macpherson's letter. I "seriously believe" that MPs should have the knowledge and do have the power to control inflation, and I really fail to see how he can distinguish between the responsibility of Government and the responsibility of MPs. All that any Government can do is to bring forward Bills for legislation and if MPs act as rubber stamps it does not absolve them of responsibility as legislators.

The complexities of the economic situation" is all too often used as an excuse for failing to see the wood for the trees. However one may argue inflation is simply an excess of spending more than is earned. The present "paper chase" was initiated by the Tory government, and it is interesting to reflect that the person most responsible was rewarded for his economic failures by an elevation to the peerage and the chairmanship of a bank. If an MP's job is anything at all it is surely to decide on the priorities of spending the national income whether it is defence, education, aid to underdeveloped countries, social welfare grants to students, art councils, or whatever, and if MPs decide that their own salaries and allowances take precedence over people like occupational pensioners on fixed pensions then I am afraid I cannot share their view.

Finally, I do not accept Mr. Sharpe's point about freedom from financial entrapment. I fail to see how any MP if his election is sponsored, or if he receives a retainer from a pressure group, "to keep their interests in mind," or acts as a "consultant," can exercise completely unbiased and uninhibited judgement in all matters. They have themselves decided that they are employees for National Insurance purposes so they might now decide who their employers are. J. Poole, 27, Ercleshill, 5, Durham Road, Bromley, Kent.

Spending on food

From Mrs. W. Knight.
Sir,—I wish to point out to Mr. Smith (July 2) that it is possible to have a "good, wholesome meal" for 17p per head. There are only the two of us to cater for so our financial situation does not permit us to have both children and a house. We usually spend each week, as a rule, less than the average £3.46 per head on food. I am not an extremist wanting major social reform. I just think that Mr. Smith should be aware that the problem of his wife "overspending" on food is a problem which many of us simply cannot afford. Wendy Knight, 132, Ladysmith Road, Brighton, Sussex.

To-day's Events

Mr. Harold Wilson, Prime Minister, addresses National Union of Mineworkers annual conference which opens at Scarborough.
TUC economic committee emergency meeting considers draft statement of TUC policy on next wage round.
Mr. Denis Healey, Chancellor of the Exchequer, meets CBI leaders for talks on wages and inflation.
Mrs. Margaret Thatcher, Leader of the Opposition, speaks on industrial relations at the Thistle Society lunch, Cafe Royal, London.
Concorde begins endurance flight testing programme.
South East Asia's Financial Markets—Present and Future, a three-day conference, organised by the Financial Times, begins in Manila, Philippines.
European Central Bankers begin two-day meeting, Basle.
Queen and Duke of Edinburgh attend Knights of the Thistle service, St. Giles Cathedral, Edinburgh.
Freshwater Fisheries Bill, third reading; Litanies in Person (Costs and Expense) Bill, third reading; Conservation of Wild Creatures and Wild Plants Bill, third reading; Lotteries Bill, report; Social Security Pensions Bill, committee.
COMPANY RESULTS
Banabergers (full year).
Carlton Industries (full year).
Latham (James) (full year).
Stock Conversion and Investment Trust (full year).
Alexanders Discount (half year).
COMPANY MEETINGS
See Week's Financial Diary on page 9.

All of these bonds having been sold, this announcement appears as a matter of record only.

CRÉDIT FONCIER DE FRANCE

FF 125,000,000

10 1/4 % 1975-1982 Bonds

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CITICORP INTERNATIONAL BANK LIMITED	COMMERZBANK Aktiengesellschaft
FONDO DE INVERSIONES DE VENEZUELA	KREDITBANK S.A. LUXEMBOURGEOISE
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BANQUE FRANÇAISE DE DEPOTS ET DE TITRES «B.F.D.T.»	BANQUE FRANÇAISE DU COMMERCE EXTERIEUR	BANQUE GENERALE DU LUXEMBOURG S.A.
BANQUE DE L'INDOCHINE	BANQUE INTERNATIONALE A LUXEMBOURG S.A.	BANQUE LAMBERT-LUXEMBOURG S.A.
BANQUE LAMBERT S.C.S.	BANQUE DE PARIS ET DES PAYS-BAS POUR LE GRAND-DUCHÉ DE LUXEMBOURG	BANQUE ROTHSCHILD
BANQUE DE SUZ ET DE L'UNION DES MINES	BANQUE DE L'UNION EUROPEENNE	BANQUE WORMS
H. ALBERT DE BARY & CO. N.V.	CAISSE CENTRALE DES BANQUES POPULAIRES	CAISSE DES DEPOTS ET CONSIGNATIONS
CREDIT COMMERCIAL DE FRANCE	CREDIT GENERAL S.A. DE BANQUE	CREDIT INDUSTRIEL D'ALSACE ET DE LORRAINE
CREDIT INDUSTRIEL ET COMMERCIAL	CREDIT DU NORD ET UNION PARISIENNE-UNION BANCAIRE	CREDIT SUISSE
CREDIT SUISSE WHITE WELD LIMITED	DEUTSCHE BANK AKTIENGESELLSCHAFT	DILLOM, READ OVERSEAS CORPORATION
DEUTSCHE GROSZENTRALE-DEUTSCHE KOMMUNALBANK	DRESDNER BANK AKTIENGESELLSCHAFT	E.I.C. INTERNATIONAL SECURITIES S.A.
FINACOR	GROSZENTRALE UND BANK DER OESTERREICHISCHEN SPARKASSEN AKTIENGESELLSCHAFT	HOTTINGUER ET CIE
GUYERZELLER ZÜRICH BANK AG	HILL SAMUEL & CO. LIMITED	KREDITBANK N.V.
INTERNATIONAL MARINE BANKING CO. LTD	INTERUNION-BANQUE	N.M. ROTHSCHILD & SONS LIMITED
MANUFACTURES HANOVER LIMITED	NESBITT, THOMSON LIMITED	J.S. SASSOON INCORPORATED
NOMURA EUROPE N.V.	NORDDEUTSCHE LANDESBANK GROSZENTRALE	SOCIÉTÉ GÉNÉRALE ALACIENNE DE BANQUE
SINGER & FRIEDLANDER	SMITH, BARNEY & CO. INCORPORATED	SOCIÉTÉ SEQUANAISE DE BANQUE
SOCIÉTÉ LYONNAISE DE DEPOTS ET DE CREDIT INDUSTRIEL	SWISS BANK CORPORATION (OVERSEAS) LIMITED	UNION DE BANQUES ARABES ET EUROPEENNES - U.B.A.E.
VEREINS-UND WESTBANK AKTIENGESELLSCHAFT	WHITE, WELD & CO. INCORPORATED	WESTDEUTSCHE LANDESBANK GROSZENTRALE
		WOOD GUNDTY LIMITED

COMPANY NEWS + COMMENT

Coalite can surmount normal problems

AFTER A year of record results in every field the directors of Coalite and Chemical Products feel that the underlying financial strength and physical capacity should be able to overcome any normal difficulty, chairman Mr. Francis Waring says in his annual statement.

The return on sales of oils and chemicals substantially improved in the year ended March 31, 1975, as a result of home prices being allowed to reach more realistic levels and the company being in a position to capitalise on the higher export prices available on chemicals produced in excess of home requirements.

Consequently oils and chemicals made a substantially greater contribution to overall profits enabling the company to maintain increases in the price of Coalite within competitive bounds.

Mr. Waring says Coalite continues to be the most popular all-purpose domestic solid smokeless fuel. With gas still the main competitor, it is disappointing that there is "continued reluctance to price gas realistically relative to other domestic fuels."

In most of the outlets for oils and chemicals, the strong demand continued until the early part of 1975. Even now the company's position is reasonably favourable although the exceptional prices resulting from the export boom have been reduced materially.

After the disappointment that the completion of the expansion of Orkney Phosolite plant manufacturing capacity should have coincided with the recession in textiles, the directors are exploring the possibilities of exploiting the company's special manufacturing know-how in this field.

As a result of detailed investigation of potential future demand and raw material availability the Board has decided to embark on a major scheme of expansion in intermediates for manufacture of herbicides.

This will double production capacity of the principal intermediate while substantially increasing that of others. Commissioning is expected in the second quarter of 1976, he says.

Coalite is to take up rights in the issue by Siebens Oil and Gas (U.K.) at a cost of £271,511. Its percentage holding will be reduced from 8.26 to 6.88.

As reported on May 21, group profit for 1974-75 was £9.6m. (£2.84m) and the dividend is 0.812p (0.564p).

A statement of inflation accounting shows a profit on a CPP basis of £7.63m. and a net figure 48 per cent. lower at £2.62m. The most significant features are that the effective tax rate is some 66 per cent. and the depreciation charge is 70 per cent. higher.

This, says Mr. Waring, emphasises the necessity of generating high profits in order to provide adequate finance for future operations and to maintain the value of shareholders' equity in real terms.

Mr. Waring is giving up the chairmanship on September 30, and will be succeeded by Lord Ward.

Meeting, Dorchester Hotel, Park Lane, W., July 30 at 11.45 a.m.

comment

There are no earnings forecasts from Coalite and Chemical but

HIGHLIGHTS

The summer lull is now having its traditional impact on the flow of company statements, and apart from an interim on Thursday from Imperial Group the market has very little to get its teeth into this week. Carlton Industries puts out a preliminary statement, and Associated Newspapers follows suit tomorrow and Wednesday respectively. As for the week-end postbag, there are full accounts from Coalite and Chemical and Powell Duffryn.

The balance sheet has plenty to raise from 0.822p to a maximum of 1.063p net. The statement of source and application of funds shows a decrease in cash of £88,493 and a net cash balance at the end of the year of £708,371.

Mr. Kenny explains that the principal changes result from the purchase of Unified. In addition £190,000 was spent to expand factories and new plant purchased at a cost of £22,000. By reason of inflation, there was an increase in debtors and stocks.

Holders are invited to approve a share option scheme for senior executives. The number of shares to be dealt with is 361,429 which is approximately 3.1 per cent. of the present issued capital.

Colonial Securities Trust Company held 13.43 per cent. of the capital at June 14, 1975. Meeting, Howard Hotel, W.C., on July 30 at 12.30 p.m.

Eldridge Pope decline

BREWERS, maltsters and wine and spirit merchants Eldridge Pope and Co. reports that, although turnover advanced from £3.06m. to £3.62m. in the first half to March 31, 1975, taxable profit shows a decline from £248,006 to £230,087.

The directors say that in normal circumstances the second half could be expected to show better results than the first, but given the present economic uncertainties, and since so much will depend upon the control of inflation and the stability of the pound, it is difficult to make a prediction with any degree of confidence.

The interim dividend is effectively raised from 3p to 2.28p net, the maximum permitted. Last year's total was 4.22p from profits of £704,309 before tax.

First half profit is struck after deducting finance charges of £11,235 (£30,367) and crediting investment income of £26,165 (£37,427).

Tobenail sees profit increase

MR. T. KENNY, chairman of Tobenail, tells members in his annual statement that it is unreasonable to expect that profit for the current year will again show an increase.

He says the group started the year with outstanding orders of some £2m., the same level as a year ago. A sizeable part of sales are to overseas countries and the directors aim to expand this proportion.

A record pre-tax profit of £51,902 (£54,714) was reported for the year to March 31, 1975, on June 13, together with a one-for-ten scrip issue. The dividend is

enabling its delivery positions to be measured in weeks instead of months.

Meeting, Great Eastern Hotel, E.C., July 31, noon.

Plantation conserving resources

THE LONG-TERM objective of Plantation Holdings remains one of expansion, reports the chairman, Mr. S. W. Lacey, but since mid-1974, management effort has been concentrated on the control and conservation of cash.

Last year it was indicated that the world economic climate made it difficult to forecast. This year the problems of prediction are again uncertain, but the group will do its utmost to meet whatever contingencies arise and produce a satisfactory result.

As reported on May 23 taxable profits rose from £2,050m. to £2,727m. in 1974 and the dividend is 1.854p (1.5073p) net. Exports from the U.K. totalled £3.2m., split as to Europe excluding Scandinavia £1.9m., Scandinavia £0.55m., North America £0.33m., other areas £0.65m.

An important change to the balance sheet has been made this year. It has been decided to express all overseas fixed assets, predominantly the estates in Malaysia, at exchange rates ruling on December 31 each year, bringing the treatment of fixed assets into line with that used for current assets. This adjustment has resulted in a net surplus of £1,455,000, which has been transferred to a currency reserve.

—future annual exchange fluctuations will be debited or credited to the reserve, as will other appropriate items.

Unquoted investments in unquoted companies have been liquidated and at the year end, there were no investments of material consequence.

As at June 30, Hutchinson Intl. Hong Kong held some 25.66 per cent., and Pahang Consolidated some 26.08 per cent. of the capital. Meeting, Abercorn Rooms, E.C., on July 31, at noon.

comment

Apart from minor fluctuations in the share price, the market has remained largely indifferent to Plantation Holdings since the preliminary statement in May. The latest report shows some fairly promising results over 1974.

Short-term borrowings were up almost 50 per cent. in line with a £300,000 increase in stocks and a £1.3m. increase in the purchase of assets. Only the proceeds of the rights issue (£0.3m.) prevented a net outflow of funds in 1974 similar in proportion to that of 1973.

However, over six months have elapsed since the end of the financial year and the group has moved into a net cash balance since then; stocks have remained static in cash terms but have fallen in physical terms while roughly 15-20 per cent. of the work force has been laid off in order to preserve a solid financial position.

front, however, remains far from happy. Commodity prices, both in the case of rubber and palm oil, have slipped from last year's peaks, while home demand on the industrial front remains depressed —though the loss situations of 1974 have evidently been contained. The yield of 6.6 per cent. at 38p therefore continues to nurture bid hopes.

£0.39m. loss at Penrad—no dividend

Engineers and pressed steel panel radiator producers, Penrad Group, incurred a loss of £389,050 in 1974 compared with a pre-tax profit of £4,463 previously. Turnover fell from £1.5m. to £1.39m.

The full year loss per share is given as 19.06p (earnings 0.45p) and there is no dividend. For 1973 there was an interim payment of 0.875p net but no final.

The loss is struck after depreciation of £99,364, interest of £107,073, and development expenditure of £1,112, a total of £217,749 compared with £28,672 last time.

After tax credits of £78,619 (charge £11,808), a deficit of £203,995 (credit £104,836) is carried forward.

Loan agreements with the Department of Industry in respect of £100,000 for 12 years and with the Midland Bank for £25,000 for 10 years, are under consideration.

Commenting on current trading in his annual statement with the report and accounts, also just dispatched to shareholders, Mr. Doncaster says the first two months of the present year have

been very good and that the Board sees continued activity for the months ahead.

As Mr. Burnett will have reached retiring age before next year's AGM he intends to resign as chairman during this year.

Meeting, Sheffield, July 24, noon.

Good trading at Daniel Doncaster

In strongly recommending shareholders of Daniel Doncaster to accept the 101p-a-share bid, worth £10.9m., from International Nickel, Mr. Doncaster, the chairman, says the link-up offers great scope for the company's continued successful development.

Mr. Doncaster's letter accompanying the formal offer document, which makes the point that the terms are worth 124 per cent. more than the share price on June 20, which was the last business day before the bid.

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Meeting, Sheffield, July 24, noon.

FT Share Information

The following securities have been added to the Share Information Services appearing in the Financial Times:

Free State Soapplants (Section: Mines—Oils).

Grups Velazquez (Section: Overseas—Spain).

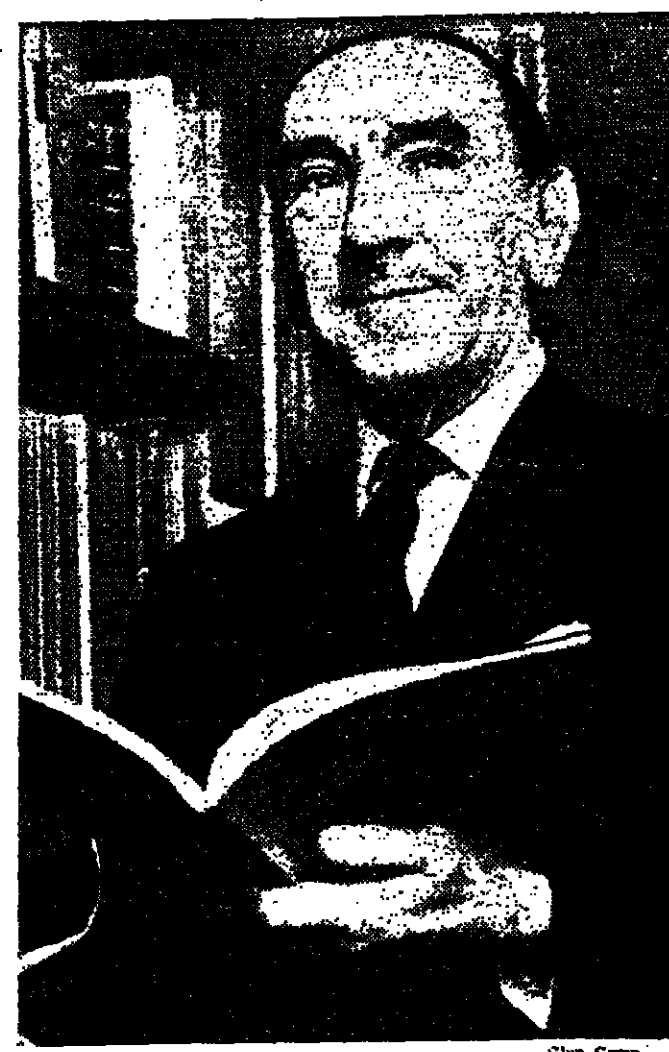
Household Finance (Section: Overseas—New York).

Vincent (HL) (Section: Foods).

AMC—CTS

Amalgamated Metal Corporation and Consolidated Tin Smelters, announce that the scheme whereby CTS will become a wholly-owned subsidiary of AMC was duly approved by members at the relevant meetings.

Application will now be made to the High Court for sanction of the scheme which is expected to become effective by the end of July 1975.



Mr. Robert Clark, chairman of Stock Conversion and Investment Trust, which is due to announce to-day its preliminary results for the year to March 31, 1975.

DIVIDENDS ANNOUNCED

	Current payment	Date	Corr. payment	Total of year	Total of last year
Eldridge, Pope	2.28	Aug. 1	1.0	1.59	1.5
Sterling Credit	1.03				

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues.

Burnett well ahead and confident

TRADING results of the Burnett and Haleshire Holdings group so far this year are well ahead of the same previous year period, and chairman Mr. A. G. Burnett says that, with the diversity of group interests, he is confident of a maintained satisfactory rate of progress.

As reported, pre-tax profit for the year to March 31, 1975, increased from £889,723 to a record £1,097,707 and the net dividend total is lifted to 2.6739p (2.4633p).

Mr. Burnett points out that this is profit improvement over the last two years of nearly 100 per cent. He adds that the year's achievement is fairly reflected by the growth in both asset value per share 115p—up 30.7 per cent.—and earnings 13.28p—up 28.5 per cent.

Dividend analysis:

	1975	1974
Civil engineering, etc.	752,237	394,942
Earthmoving	123,497	134,123
Oil storage & distn.	26,271	108,127
Parent & other interests	148,283	126,471

On liquidity, the chairman reports that resources have proven satisfactory to finance a 35 per cent. advance in turnover, coupled with capital expenditure of £1.3m., and he is confident that existing resources are adequate to finance further expansion this year.

As Mr. Burnett will have reached retiring age before next year's AGM he intends to resign as chairman during this year.

Meeting, Sheffield, July 24, noon.

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Grups Velazquez (Section: Overseas—Spain).

Household Finance (Section: Overseas—New York).

Vincent (HL) (Section: Foods).

AMC—CTS

Amalgamated Metal Corporation and Consolidated Tin Smelters, announce that the scheme whereby CTS will become a wholly-owned subsidiary of AMC was duly approved by members at the relevant meetings.

Application will now be made to the High Court for sanction of the scheme which is expected to become effective by the end of July 1975.

TOBENOIL GROUP

Manufacturers of automatic packaging, wrapping, labelling and bottle-filling machines.

Pre-tax profits up 20%

Mr. Thomas Kenny, Chairman, reports another record profit, continuing a trend begun more than 10 years ago. The following are salient points from his statement:

* Bonus issue of one new share for every ten held proposed.

* Purdy Machinery Company Limited now in process of moving to Ashford, Kent, and being combined under one management with Unified Industries Limited on one site, trading under the Purdy name.

* The Group has cash resources of £700,000 after paying for Purdy Machinery Company; the purchase of Unified Industries; and spending £250,000 on expansion of two factories and the installation of new plant.

Current year opened with orders at similar level to last year. Over a third of sales are to overseas countries and we aim to increase this proportion.

It is not unreasonable to expect that profits for the year to 31st March 1976 will show a further increase.

	1975	1974
Pre-tax profit	651,902	542,714
Profit after tax	304,830	271,814
Earnings per share		
Before tax	5.54p	4.65p
After tax	2.69p	2.33p

Copies of the Annual Report may be obtained from the Secretary.

Tobenail Limited, 23 Bedford Row, London WC1R 4EB

Financial strength a Powell Duffryn

WITH NET cash availability of £1.8m. at March 31, 1975, Powell Duffryn is in a position of "considerable strength," at this time, says the chairman Sir Alec Ogilvie.

Because of inflation an additional £5.7m. cash was required for working capital in 1974-75; capital expenditure, net of sales, absorbed a further £8.1m. and long-term loan repayments amounted to £0.4m.

However, with the improved profits and £2.5m. tax relief on stocks, cash resources diminished by only £1.4m.

At present, total group assets (excluding cash) are £18m. and overall borrowings are down to £2m. In money terms this is an increase of some £33m. in the size of the group over the past four years, of which £6m. has been financed from the sale of the City headquarters and the remainder mainly from profits and depreciation.

Sir Alec describes this as a "good picture" but stresses the important part that inflation plays in blurring the results.

An inflation accounting statement shows: actual pre-tax profit for 1974-75 of £11.56m. and £7.34m. on the CPP basis; assets employed £71.04m. and £55.83m.; return on average net assets 17.7 per cent. and 8.9 per cent.; earnings before extraordinary items £2.1m. and 3.9p. and after such items 23.1p. and 5.3p.

On prospects for the current year Sir Alec says he remains hopeful, but emphasises that it will require a significant upturn in some activities if last year's record profit is to be matched in the conditions which are likely to persist in the coming months.

Less firm freight markets and rapidly escalating costs are affecting the shipping interests, and the construction industry shows little sign of emerging from its recession. Other parts of the group should have a better year.

As stated on June 26, the 1974-75 profit compared with £10.82m. previously, and the dividend is 6.50p per share. £2.9m. provision has been made against reserves for the amount profits rose from £10.82m. to £13.72m. in the year to March 1975. The Board have taken steps to find the way back to improved profitability.

As reported on June 17, tax on margins is severe and only improvement in general economic conditions will alleviate a problem.

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FINANCIAL TIMES SURVEY

Monday July 7 1975

PORTUGAL

With the first glow of revolutionary triumph fading fast, Portugal's new leaders have come up sharply against the harsh realities of government. Their task—which is nothing less than the conversion of Portugal into a modern State—carries with it a formidable degree of urgency.

Time running short

By IAN DAVIDSON, European Editor

PORTUGAL'S experience is months before the coup, and the programme drafted by Major Melo Antunes (now Foreign Minister) was not submitted to the political committee of the Armed Forces Movement until April 24, and it was not finalised until the small hours of April 26.

Small wonder, then, that the Armed Forces Movement took power with seriously divergent views, or that these divergences are still apparent in the internal contradictions inherent in the arrangements that they have made since April 25 last year. It is even less surprising that in the process of trying to deal with the consequences of their revolution, and learning, as it were, on the job some of the real problems of revolutionary change, some of the leaders of the coup should have changed their minds. Whereas Melo Antunes first appeared as a left-winger, he is now widely regarded not merely as a moderate, but also as one of the shrewdest members of the military elite. When Vasco Gonçalves (now Prime Minister) first emerged, he was thought to be a moderate; now he is regarded not merely as a firmly ally of the Communist Party, but also somewhat unstable—which is not to suggest that Communists are unstable.

To-day, 14 months after the April 25 coup, there may be a slightly more informed consensus among the leaders of the Armed Forces Movement of the viable parameters of the revolution, or at least a greater awareness that some of the coming sub-revolutions which have spontaneously erupted in intervening months militate against any kind of coherent government. But there is still very little evidence that the military have developed ideas or institutions which can deal with Portugal's social, political and economic problems.

The problem is that the motor power for the coup came primarily from professional resentment among army officers at the decline in the prestige of the uniform, rather than from a coherent alternative political philosophy. For long time, indeed, the left-wing navy officers stood aside from army plottings, because of a lack of political thrust. The question of what the revolution is supposed to achieve apart from the overthrow of the regime, only started being debated in a systematic way in the armed forces five

Idealists

The corollary of the political innocence of the authors of the coup is that the revolution started out with, and to an astonishing degree still maintains, an atmosphere of idealism. Another may be that the overthrow of the previous regime was meaningless. Inevitably, the

Armed Forces Movement in has been followed by the inclusion of a quota of straight-crumbling of virtually all forward opportunists, the more traditional structures of authority and control, and that while played by considerations of the Armed Forces Movement is professional status in launching the nearest thing to a government in Portugal. It has so far made little attempt to place any

struggle between the divergent effective curbs on the factions in the Supreme Revolutionary Council, and the steady deterioration of the economic situation is bound to make this power struggle more intense. But the collective impression of the military leadership so far, as conditioned by the partial democracy which operates inside the Armed Forces Movement, is of naive and inexperienced idealists, groping for some kind of socialism as if they had invented the word, but not of blood-red revolutionaries. The coup was carried out, and the revolution has stumbled on, with far less political bloodshed than is current in Spain or Italy, to say nothing of Northern Ireland.

One reason for the lack of political violence may lie in the natural peacefulness of the Portuguese character, as many of Portuguese claim to believe. Another may be that the overthrow of the previous regime was meaningless. Inevitably, the

But it is abundantly clear that the Portuguese economic situation is grim and is getting grimmer every day. Inflation is as high as in the U.K. Companies are faced with a critical cash squeeze, partly because of increased wages, partly because of depressed demand in domestic as well as export markets, but even more because

of revolutionary disruption to both management and production.

In an attempt to counter the sharp deterioration in the trade deficit, the Government has imposed import surcharges which affect about half the country's

imports, and while this may help to reverse the trend, it will inevitably increase manufacturing costs at a time when manufacturing industry's competitive position is already precarious. Traditionally, the trade deficit has been covered by invisible receipts, from tourism and remittances. But in the past year the tourists have evidently been scared off by exaggerated reports of revolutionary violence, and the emigrant workers have reacted in the same way, with rather more rational justification. As a result unemployment has soared and is likely to go on rising for the rest of this year, not least because of the danger of bankruptcy facing companies in the manufacturing sector. It will certainly rise with the repatriation and demobilisation of troops from Mozambique now and Angola later this year; and unless there is a sharp improve-

wards, the leaders of the revolution have precipitated an exodus among the bourgeois elite. No doubt doctors, engineers, managers can be replaced, but not overnight. Some of the workers who have been precipitated into positions of power are trying to take sensible, methodical decisions, and a few of them are intellectually equipped for their new responsibilities.

But whatever the arguments for or against workers' control, nationalisation, and the restructuring of the economy, the price of rapid and ill-prepared action on all fronts simultaneously is likely to be more confusion than socialism. The revolutionary fervour in the early months after the coup, and while this fervour is now waning in the face of day-to-day realities, its consequences are only too obvious.

Perhaps the most disturbing aspect is that too many of the revolutionaries have an imperfect grasp of the economic mechanisms which they are attempting to change, and that too many of them believe that Portugal's economic troubles are not the fault of the Portuguese but of a malicious political boycott by foreign customers and suppliers.

The weakness of the revolution, and its great strength, is that the Armed Forces Movement has, so far, consistently endorsed its support for a pluralistic democratic system, despite the pressure of factions within the movement for more authoritarian forms of government. It is a weakness, because there is an ineluctable, and possibly fatal, contradiction between military rule and democracy: yet the Armed Forces Movement continues to assert both its ultimate authority in the political structure of the country for at least the next three years, and the development of a civilian system based on competing political parties and free elections. It is a strength, because the first elections (to the Constituent Assembly) have already demonstrated, through the high turnout, massive popular support for a civilian pluralistic system, and through the distribution of votes, that while a large majority of the Portuguese may be happy to vote for left-wing parties, only a very small minority supports the Communists or the parties further left.

The key question facing Portugal to-day is, which of these two models—the military-authoritarian and the democratic—will prove more resilient in the face of economic disintegration. In principle, general elections to a fully fledged parliament are not scheduled to be held until the end of the year, after the drafting of a constitution. But on the basis of the Constituent Assembly elections, Dr. Mano Soares could reasonably claim to be in a position to form a coalition government with his own Socialists and the Popular Democrats, who together secured 63 per cent. of the vote.

Free debate

The Armed Forces Movement, for its part, is almost inevitably hobbled in facing up to the pressing problems of government by its laudable determination to maintain democratic processes within its own ranks. The option of asserting more authoritarian rule, which is favoured by some in the Supreme Revolutionary Council, can only be achieved by suppressing or least severely curbing civil and military democracy. But it remains open to question whether, after the release of free political debate within the services, the authoritarian option is really viable except through a new, and quite possibly bloody coup led by a centurion-figure. What the armed forces must know only too clearly, is that the prestige so gloriously won by the overthrow of the Caetano regime is fast being eroded by their failure to arrest the deterioration in the economy, and that the time remaining for this particular phase of the Portuguese revolution is running out.

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PORTUGAL II

Who's who: military...



Gen. Francisco da Costa Gomes

Gen. Francisco da Costa Gomes

President of Portugal and member of the Supreme Revolutionary Council.

After a distinction in maths at Oporto University he entered the army and served as cavalry officer in Portugal and later in Macau, Mozambique. Promoted to General while second-in-command Portuguese forces in Mozambique where he played a leading role fighting Frelimo's liberation army. As Army Chief of Staff under Caetano, he joined Spínola in refusing to swear the oath of

allegiance to the Premier in March, 1974. Both were then sacked. The original candidate of the Armed Forces Movement for the post-April 25 presidency, he agreed with MFA officers that Spínola should be appointed since in the eyes of the people Spínola held more authority. Nicknamed "The Cork" for his ability to weather successive storms since taking the presidency in September 1974, the President is regarded as a conciliator among the various factions of the MFA, an astute politician rather than a military strong man though as President he is also Commander-in-Chief of the armed forces.

"Our revolution aims for pluralistic socialism through the fertile cross-breeding of revolution and elections."

General Vasco Gonçalves

Prime Minister and member of the Supreme Revolutionary Council.

An army engineer, General Gonçalves avoided the messier side of the colonial wars though he served in Goa, Mozambique and Angola. An intellectual, he is often considered "the father of the revolution" for his long time interest in and study of politics and Marxism. Active in opposition to the Fascist regime from within the military

ranks, he took part in the 1961 abortive military uprising in Beja. His close links with the Portuguese Communist Party date back to such anti-fascist opposition. Appointed Prime Minister after the fall of the Palma Carlos first provisional Government, he has a reputation for fiery public speaking and fierier irritation in Cabinet. An intense and uncompromising ideologue he is impatient with those who stand in the path of the revolution. However, his political beliefs are to-day blended with realism, or at least co-exist alongside realism.

"We are not a Trojan horse in NATO. In Portugal we must choose between revolution and reaction."



General Vasco Gonçalves

General Carlos Fabiao

Member of the Supreme Revolutionary Council.

Spent over ten years of his army career in Guinea Bissau where he became a close friend of ex-General Spínola. A late comer to the ranks of the Armed Forces Movement, to the surprise of MFA officers in Guinea Bissau he was nominated governor there after the revolution. However, under the influence of young MFA officers in Bissau he led the decolonisation process and began withdrawing

troops in direct disobedience to Spínola's orders in 1973. Having thus earned his military credentials he rose to Portugal in October and made Army Chief of Staff. Many other former Spínola officers he broke with General and followed the wards swing in the MFA, a radical not a Marxist, a shy man, without apparent interest in politics, he is a lower rather than a leader of the Staff clearly is an important part of any equation. As above all he is intent on reining the armed forces into effective and disciplined units. "Democracy must not be fused with anarchy."

Rear Admiral Jose Baptista Pinheiro de Azevedo

Vice-President, member of the Supreme Revolutionary Council. Born in Luanda, he entered the Navy, was assistant naval attache in London from 1963-71 and Marines commander from 1972-74. An original member of the first post-April 25 Junta of National Salvation he is also Naval Chief of Staff.

A radical, but not allied to any particular party he reinforces the camp of the older generation within the MFA. His friendly relations with Western NATO officers have been the reason for much travelling abroad to reassure NATO countries recently.

"NATO's nuclear planning group will continue to meet without Portuguese participation. We understand the reasons given us for this decision a year ago and we are not going to create difficulties about this delicate problem. I believe our position is correct."

Captain Vasco Lourenco

Member and spokesman of the Supreme Revolutionary Council. Captain of Rangers in Guinea Bissau where he quarrelled with Spínola. Regarded as founder of Armed Forces Movement. His links with anti-fascist resistance and with the birth of the captains' movement were discovered and Caetano ordered him overseas after he took part in the March 1974 abortive Caldas da Rainha military coup. On his way to the Azores he spent some time in the Cape Verde political prison of Tarrafal. His reputation among fellow officers is as a straight down the line MFA man, without allegiances to any political party, and his opinion is respected when problems with the politicians arise. He has spoken out against Socialists and Com-



Captain Vasco Lourenco

munists and denied the MFA was carrying out the PCP programme, although many policies do coincide. "If it became necessary to put away the red carnations and return to arms we would."

General Otelo Saraiva de Carvalho

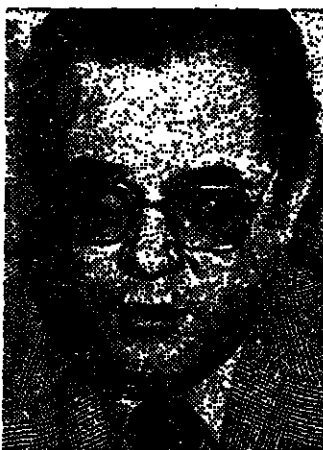
Member of the Supreme Revolutionary Council.

Born of an acting family in Mozambique, his army career included service in the Psychological Action Unit in Guinea Bissau under Spínola. Commanded the April 25th military coup, and subsequently appointed deputy-commander under the President of COPCON security forces in Portugal. An ebullient mischievous man, with a flair for outrageous statements, his short stocky frame exudes command. Firmly disdainful of the politicians, he leads the anti-party faction inside the Armed Forces Movement. Recently influenced by the Revolutionary Proletarian Party-Revolutionary Brigades, an extreme leftist group calling for armed militias to defend the revolution and a mass move-



Gen. Saraiva de Carvalho

ment bypassing the civil political parties. "We can call ourselves people's representatives and the end of the day build a people's democracy in which power is assumed by the forces, representing the part in arms."



Major Melo Antunes

Major Melo Antunes

Member of Supreme Revolutionary Council.

An intellectual and long time man of the Left with probably the clearest and best defined ideas of where Portugal should be pointed to achieve its socialist revolution. The architect of decolonisation, Major Antunes was at once respected by the liberation movement and was chief negotiator on the Portuguese side as a Minister without Portfolio in charge of decolonisation in the second and third provisional governments. Foreign Minister in the fourth coalition, after the March 11 coup, he was brought back onto the Supreme Revolutionary Council, as a member of the original MFA co-ordinating committee, after Communist officers had tried to exclude him. In addition to carrying out decolonisation, Major Antunes was charged with drawing up the country's three-year economic and social reform programme, a life. The "Red Admiral" as Governor of Angola until last January earned wide unpopularity among Angolan whites for the plan, including speeding up of nationalisations, after the March 11 coup, most of the plan against his former captors still stands.

"We cannot escape our historic responsibility in Africa. Portugal must guarantee the Angola independence agreement and do everything in her power to make it work. Once we are manding presence and is a no longer a colonial power we have a special mission to establish solidarity with the Third World."

Admiral Vitor Crespo

Member of Supreme Revolutionary Council.

Distinguished naval career and respected senior officer, sent to Mozambique as governor until June 25 independence. A member of the original co-ordinating committee he was angry at his and other original members' exclusion from the Supreme Revolutionary Council after the March 11 coup. He succeeded in bringing back Major Vitor Alves and Major Melo Antunes with him into the SRC ranks. Recently appointed member of the SRC Political Commission of Four, confirming his position of strength within the MFA.

"Our revolution intends to be a revolution of ideas and of our way of life. We are not forcing people. In the Armed



Admiral Vitor Crespo

Forces Movement we are accepting the people's suggestions, going ahead with the people because we need to be part of the people."

Lieutenant Ramiro Correia

Member of the Supreme Revolutionary Council.

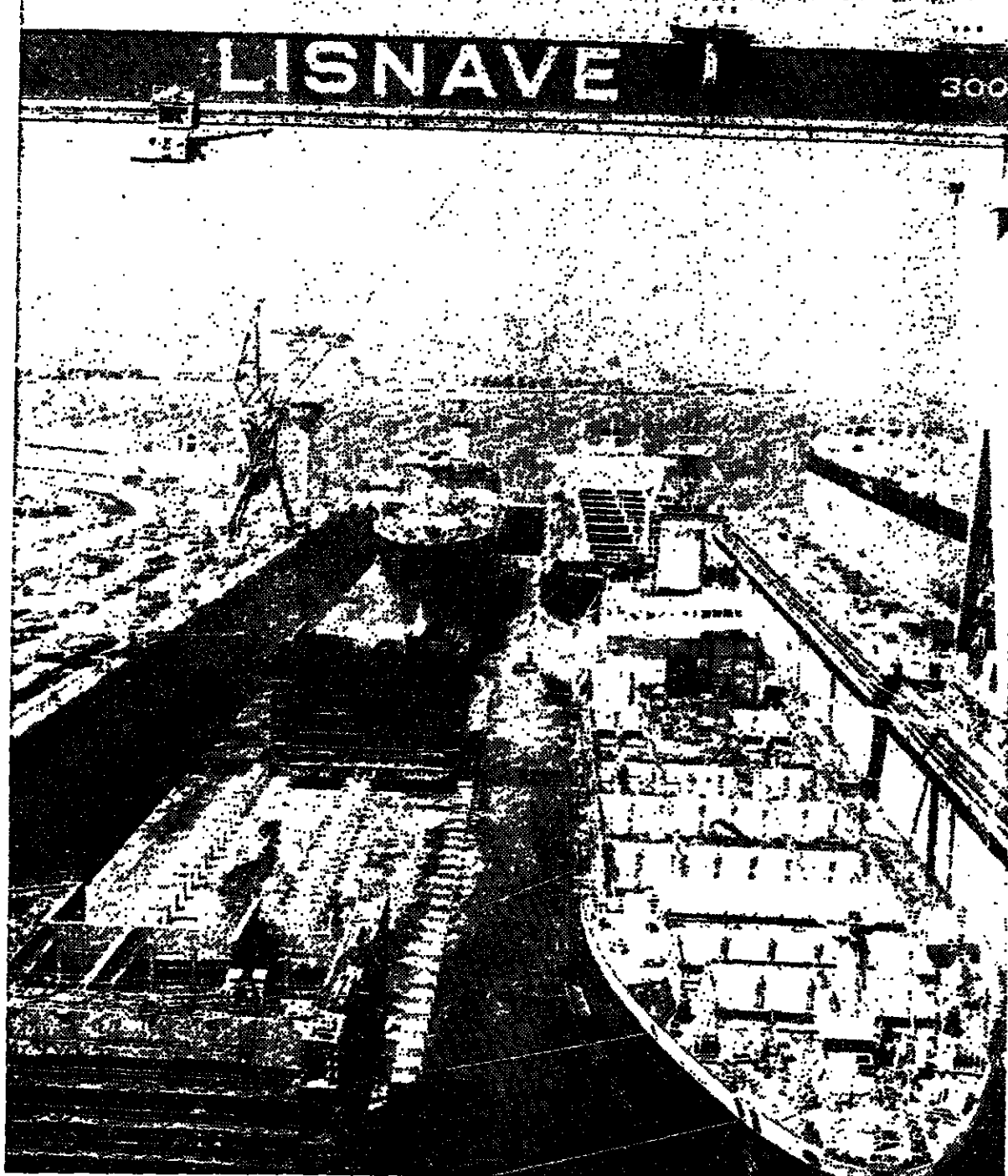
A young naval officer of Marxist Left, he rose to fame leader of the MFA's "cultural dynamisation" programme whereby teams tour the country talking about socialism and April 25 revolution, bringing politics and culture to the villages of the interior. Recently promoted commander of the Fifth Division, military headquarters of the Lisbon and the headquarters for psychological and civilian action programme. Intelligent, crisp, he has until now been outside direct business of government and has therefore tended to remain more an ideologue than a pragmatist. However after April 25 elections he confirms thoughts of building a new political party as "completely real," and said he would like to see "the parties simply more closely together so a coalition government can lead down to serious government."

"We cannot see things in terms of a society that imposes the affirmation of the individual."

First Lieutenant Miguel Judas

Member of the Supreme Revolutionary Council.

Served on second MFA co-ordinating committee. Politically aligned with the Communist Party. In recent armed forces general assemblies he defended the Communist Party suggestion of forming a "Committee for the Defence of the Revolution" from a poor family, he was left-wing militant from early youth. "The revolution cannot accept people who don't work."



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POVOA DE SANTA IRIA
PORTUGAL

These pen portraits are by JANE BERGEROL, Lisbon Correspondent

PORTUGAL III

19

...and civilian

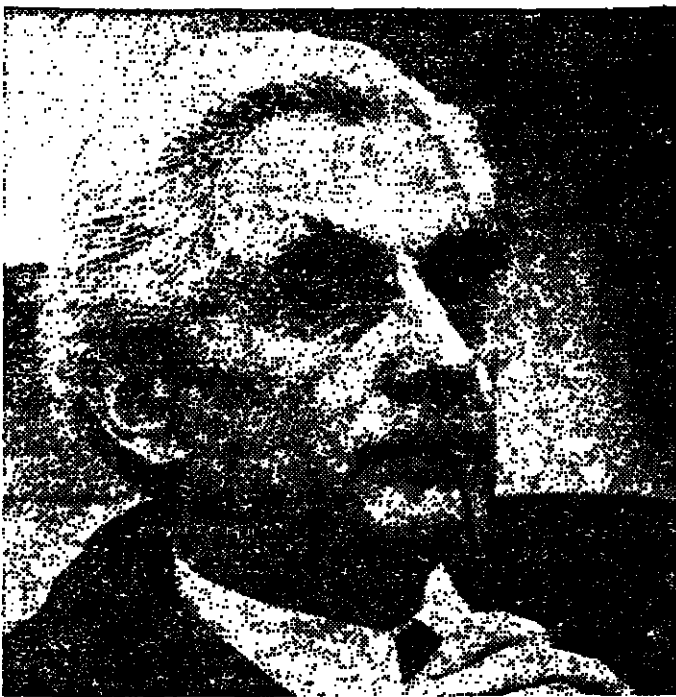
Dr. Alvaro Cunhal

Secretary General of the Portuguese Communist Party, Minister without Portfolio.

Joined the Communist Party in 1931 when he was 17 and a brilliant student at Lisbon's Law Faculty. In 1938 joined the Central Committee. Arrested and tortured in 1937. Freed a year later but in the next 30 years spent a total of eleven years in prison, eight in solitary confinement. Escaped from Peniche prison fortress in 1960 under the guise of a friendly gaoler. March 1961 elected Secretary General of the party, successor to Gonçalves who had died in 1942 in Tarrafal Prison Camp. A Stalinist of the old school, Cunhal spent years in exile in the Soviet Union and Eastern Europe and went on record approving the Soviet invasion of Czechoslovakia. He returned to Lisbon

after the April 25 coup and was made Minister without Portfolio in the first provisional government, a post he has maintained ever since. He has guided his party cleverly into a close relationship with leading MFA officers and has ensured the PCP unconditionally supports the military. First signs of tension came with the extreme Left's incursions into the MFA and the rise of anti-party spirit among MFA leaders. Cunhal said firmly at the time "any attempt to bypass the political parties would result in a weakening of the MFA-people alliance." Regarded by some Communists as a dangerous hardliner who may damage the party's prospects he has nonetheless succeeded in seeing many PCP policies translated into reality. Unconditionally opposed to Western style bourgeois democracy.

"Portugal will not be the *chasse gardée* of West European social democracy."



Dr. Alvaro Cunhal

Dr. Mario Soares

Secretary General of the Portuguese Socialist Party, Minister without Portfolio.

Son of a minister in Portugal's first republic, Dr. Soares graduated in arts and law, and opposed the fascist regime from his youth. Backed the election campaign of General Humberto Delgado in 1958, and in 1961 contributed to drawing up the "Programme for Democratisation of the Republic." Was opposition candidate in 1965 and in 1969. Several times arrested by the PIDE, he was deported to São Tomé and later exiled in 1970, remaining in France until the revolution. As a lawyer he defended Angolan liberation movement leaders from the Socialist MPLA. He founded the Portuguese Socialist Action Group in 1964, and participated in the 1973 Bonn Socialist Congress from which Portugal's Socialist Party emerged with him as leader. Foreign Minister in the first provisional government, he was much in the limelight as Portugal's principal ambassador opening relations with Eastern Europe, the Third World and working for decolonisation, all of which helped build his image



Dr. Mario Soares

as a responsible, strong statesman. In the fourth coalition, newspaper case has bought in some support. "For co-operation with the Communist Party to have any results, State information media must be truly free and not manipulated information. Then there are the problems of union elections, local government elections and the presence of the different parties in the machine of state at all levels, so there is no feeling of domination of and of senior civil service jobs. key positions by one party to the detriment of others."

João Cravinho

Minister of Industry and Technology.

Brilliant technocrat with degrees at Harvard and Oxford, he was appointed to the fourth coalition government as an independent. Earlier, a member of the Marxist Intellectual Movement of the Socialist Left, he left with other founding members after a Communist takeover bid at the party's December 1974 congress. Responsible for Portugal's "battle for production," he is touring Europe finding new markets for Portuguese exports. "We have got to increase productivity but unless we can find outlets for our production, things are going to get worse before they can get better."

Cesar Oliveira

Marxist historian, aid to Information Minister and part of informal MFA brains trust. A believer in mass organisations to support the MFA, he remains aloof from any particular political party. He may play an important role in setting up the new mass organisations. Engaged in restructuring the Portuguese Press and distribution network: something that could have a profound effect on politicising the people in the coming months once the MFA plan to make more newspapers into MFA organs is carried into effect.

Francisco Pinto Balsemao

Representative of Popular Democrats, (PPD) on the Constituent Assembly Speakers' Committee, he is editor of the authoritative weekly "Expresso." A former member of the Fascist Parliament's so-called Liberal wing, he was an opponent of the Caetano regime from within. He was victim earlier this year of a bomb attack on his Porsche car. As editor of Portugal's only serious non-Communist-dominated newspaper, he is influential. But he is generally considered too much of a lightweight to lead the Popular Democrats at this stage of the revolution.

Freitas do Amaral

Leader of the conservative Centre Democratic Social Party, he is a clever speaker and recently scored some telling hits in a television interview in which leading politicians are grilled before the nation. He may manage to pull his party back from the Right-wing brink it was teetering on before March 11.

Martins Pereira

Secretary of State for Industry.

A Marxist economist, he was appointed to his present job after March 11. Also linked to the Movement of the Socialist Left, he favours workers' control and said recently: "There are more progressive ways of control than nationalisation." He believes the industrial sector must be reformed through more participation by the workers in the production management process.

Octavio Pato

Leader of the Communist deputies in the Constituent Assembly, Pato must direct tactics in the tussle to write the constitution. A younger, less austere man than Cunhal, he is often represented as a less hardline Stalinist, tending more towards an Italian Communist Party line, though he himself denies this.

"There are no divisions within the Portuguese Communist Party."

Lopes Cardoso

Leader of the Socialist deputies in the Constituent Assembly, he is a dedicated Socialist on the party's Left wing. A hard worker, he has been instrumental in organising the party's workers and in helping to bring the April election victory. He led the Socialist Party candidates on the Beja list, where they managed the victory of almost tying with the Communist Party in what was considered its stronghold. At a political meeting recently he was riotously applauded after declaring: "We are the only force capable of opposing the attempts to create a dictatorship in this country. The divorce between the people and the MFA is getting bigger all the time, however much one shouts about the MFA-people alliance."

Jose Manuel Tengarrinha

Unofficial leader of the Communist-dominated MDP-CDE party, Tengarrinha is a sad and shadowy figure, labouring under the nickname of Communist arch-stooge. MDP-CDE deputies in the Constituent Assembly are widely regarded as being used by the Communist Party to propose suggestions it does not wish to be directly linked with itself. Interestingly, among Tengarrinha's proposals for the constitution are some pithy clauses on liberty.

"The right to free expression of thought cannot in any way be invoked to allow expression of racist ideas, colonialist ideas or anti-democratic ideas or any

Dr. Mario Murteira

ideas against the revolution which will take Portugal into socialism. Our article number, two explains this. It seems fundamental to us to recognise wide freedoms but at the same time one must limit counter-revolutionary acts. Otherwise counter-revolutionaries would be able to benefit from these freedoms to end freedom itself. In construction of a democratic country and a socialist way of life, it is indispensable to place such limits on freedom."

Minister for the Economy. An independent, Dr. Murteira is a Left-wing economist who has served on OECD commissions and was director of Portugal's Railways Board before becoming Minister of Social Affairs in the first post April 25 coalition and, after being dropped from the second and third cabinets returned in March as Minister for the Economy, at the head of an impressive array of new ministries.

"We are getting to the economic and political moment of truth."

Isobel do Carmo

Leader of the PRP-BR Revolutionary Brigades. An endocrinologist by profession, she is the only woman to lead a Portuguese party and her PRP-BR has achieved enormous influence both inside the workers' councils on factory floors and inside the armed forces, where it has been organising soldiers' and airmen's councils. However she will have to watch the Supreme Revolutionary Council's latest decisions to ban politics from inside the armed forces carefully. Her revolutionary brigades are also facing disarmament under the terms of a new law to be passed soon. They were active under fascism in included sabotaging a NATO headquarters in Portugal and organising an explosion in Russia, attributed at the time to PAIGC guerrillas.

Arnaldo Matos

Secretary General of the Revolutionary Movement Proletarian Party (MRPP)—The Maoist party banned from taking part in the elections and subsequently made illegal as a political party, though it is still functioning as a political association.

Matos was imprisoned after COPCON security forces raided MRPP offices and arrested dozens of MRPP militants in June. He is the leading MRPP prisoner in whose honour weekly demonstrations are being held.



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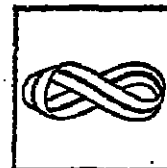
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Struggle for political power

WHEN THE Armed Forces and a bigger say in policy overment (MFA) took power Portugal 15 months ago, its programme of action guaranteed a constitutional democracy, elections for a national assembly, a president, and a return to barracks by the military. Both assembly and president were ensconced to run the country.

The MFA came to power without an ideology, and with simple aims of ending the civil war and ousting the fascist regime, bringing Portugal into the second half of the 20th century out of its isolation on the southern rim of Europe.

But as far as the MFA got grips with the country's real problems, so it developed leftward towards its own concepts of socialism. Full of contradictions, these concepts have best been defined by President Costa Gomes as a "fertile cross-fertilisation of elections and revolution." To-day the soldiers' aim is to be "Portugal's liberation movement," which in radical terms means the country's ruler and mentor.

As a consequence of the MFA's unfurling its pennants, the vanguard of revolutionary forces in Portugal, the political parties have been relegated to the rear-guard. While the MFA continues to modify its original programme to fit in with its new role as ruler and guardian of the evolution, the politicians are engaged in a daily battle to prove they are not last of all in the revolutionary race but right up there behind the MFA.

There is more than an element of schizophrenia in the current political mood of the country. The April 25 elections marked a high point in party political history. Two mass parties — the Socialists and Popular Democrats — emerged into the limelight as potential government and opposition. But since then, limited to functioning within the terms of the constitutional pact signed with the armed forces before the elections, and with the fourth coalition Government increasingly an executor rather than initiator of policy, their influence on the national political and economic scene has considerably diminished.

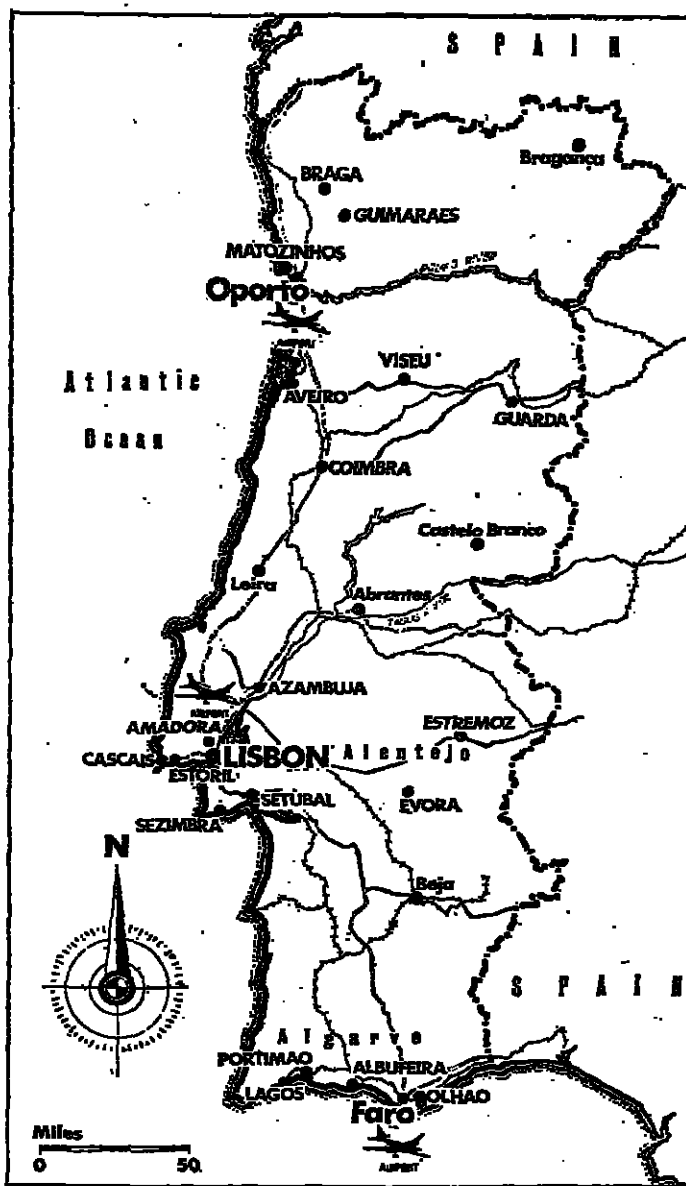
The parties' tactics have consequently been to inundate the Portuguese Press with communiques on this or that, and to call mass demonstrations to show off the physical extent of their support in sheer numbers. Seldom have they actually presented concrete policies to the country or the ruling military to help solve Portugal's day-to-day and long-term problems. More usually they are engaged in backbiting among themselves, or, in the Socialist Party's case, in halting the growing influence of the Communist Party and demanding a democratic distribution of senior administrative and executive posts, action to safeguard Press freedom from domination by the Communists.

Exclusion of the parties from the coalition Government, as a result of their endless quarrelling and particularly of the Socialists' strong push against the Communists, became a very real possibility in the post-election period up to the June marathon meeting of the Supreme Revolutionary Council. However, anti-party officers were defeated during the eight days of debate, and the final "political plan" which emerged to overtake the original MFA programme, and enlarge upon the constitutional pact as the future basis for Portuguese socialism, did guarantee the parties a role in government in Portugal.

But they are limited at present to debating the constitution in their elected assembly, within the terms of the constitution pact; and, within the fourth coalition Government, to executing major policy decisions taken by the Military in the Supreme Council of the Revolution.

Briefly, the pact upon which the constitution is to be based guarantees a leading role for the MFA for 5 years, debars any party from electing the president in favour of an electoral college system (where deputies and military will vote), and relegates the National Assembly, to be elected once the constitution is written, to a secondary role.

How long can this uneasy struggle for power between the politicians and the military continue? The history of Portugal's revolution since April 25, 1974 is a complex and swift-moving story of a march leftwards towards "Portugal's way to socialism" punctuated by two revolutionary dates: the demise of ex-General Antonio de Spínola after attempts by the silent majority in September, 1974 to give him wide presidential powers and end the MFA collegiate system of government. Second, the March 11, 1975 attempted coup by Spínola,



birth of the political parties and to the front but remained behind the lines in the officers' messes, in Luanda, Beira, Lourenço Marques and Bissau. In the field conscript officers lived 24 hours a day in sordid, retrenched camps with their men, often for the full 27 months of military service. No one wanted to fight and discipline gave way to comradeship.

Such forces continue to be the Portuguese army to-day. The only regular soldiers are officers. Meanwhile, after the revolution, both police and Republican Guard were totally discredited for their roles under Fascism.

Authority from the political parties is exercised by the Communists over their militants but only the figure of Dr. Mario Soares stands out at a national level as a man capable of making a tough stand as he has done over the Communist issue. For this he has won enormous respect from many Portuguese and is undoubtedly seen as the country's single most powerful politician to-day.

Meanwhile the middle classes are frightened of the growing power of the workers, who have been able to count so far on MFA support, or at least lack of opposition, to most of their initiatives on the factory floor and in managers' offices.

The result was a burst of power for the extreme Left who saw how to exploit workers' militancy, and exacerbate tensions between grass roots and the Communist Party, engaged in a conservative labour policy of trying hard to control and contain the union movement.

The union movement itself for the moment holds little power. Reorganisation of unions from horizontal into vertical lines (Lisbon's 23 different unions will be rolled into one for the shipyard for example) is to take place between now and the end of August, and nobody to-day would forecast how many will end up under Communist Party control. The communists have consistently lost ground in the unions since their seizing informal control in the aftermath of the April coup. But because of their superb organising power, they are capable of unhitching electoral successes and profiting from other workers' lack of enthusiasm for union affairs — still a problem in the larger unions despite the workers' committees actions.

In the profusion of parties — 12 fought the April elections — the confusion of trades unions and workers' committees, the new move by the armed forces to create even more, parallel mass organisations in support of the MFA and its revolution, appears unlikely to have any very startling effects.

Basically, the Portuguese made up their minds about the revolution on the April 25 elections. Many will no doubt shift allegiances by the time the legislative elections come round at the end of this year or the beginning of next. But there can be little doubt that the majority is for the pluralistic socialism promised by the military, and identified with Dr. Soares and his Socialist Party. The principal contenders for power will have a tough job persuading the electorate otherwise. They are: the Popular Democrat Party (PPD); a social democrat party supporting the revolutionary process, but held in disdain by parties to the left of the Socialists as a broadly liberal coalition without true socialist doctrines. As Portugal's second largest party it is in constant competition with the Socialists though inside the Constituent Assembly the two tend to vote along the same lines forming a massive 62 per cent majority.

The Communist Party, losing ground, with a small vote in the elections, the PCP is going through a tense period where its friends inside the MFA are tending to be pushed outside the decision making bodies of the Supreme Revolutionary Council. Reportedly divided over future strategy, it may have to decide whether to adopt a softer line more akin to the Italian party, in the face of popular discontent at the Communists' wide influence, and in the face of a new wariness about the party within MFA ranks.

The Centre Democratic Social Party, Portugal's conservative party, purged of many of its more compromised elements since March 11 and their hasty flight from the country. The CDS is busy building its image as more Left-wing than the PPD, and may gain more votes in the next elections as voters react to its leader's personality. A more clever and confident inspiring man than the PPD's Emídio Guerreiro, Freitas do Amaral may manage to pull the party back from the Right-wing brink it was in danger of falling over earlier this year.

Opposition

MDP-CDE: the Communist-dominated party left of the Socialists, originally formed as a loose opposition to the Fascist regime in 1969. Subsequent withdrawal by Socialists and others have left it without any clear role except that of Communist Party stooge. Its reputation as such killed it in the last elections.

Against them is ranged Dr. Mario Soares' Socialist Party. The largest party in the country, it has made more headway since the elections thanks to Dr. Soares' tough stand against Communist domination of the Press and key civil service posts, striking a responsive chord in most Portuguese. However its main problem to-day is to know when to stop crying "wolf" about resigning on this issue from the coalition. Does it continue to threaten to resign unless given satisfaction and risk losing national credibility? Or does it resign and risk oblivion by no longer being in the limelight as a Government party? The rumour immediately after such a drastic course is probably frightening enough for the Socialists to remain where they are and continue applying pressure.

Jane Bergerol

Withdrawal

CONTINUED FROM PREVIOUS PAGE

reflected in the political struggle of FNLA, MPLA and UNITA.

Now that Guinea Bissau, Cape Verde and Mozambique are already free and independent, however, Portugal now has relations with most African countries and is now able to count on help and advice from such key African leaders as Tanzania's President Julius Nyerere and Zambia's President Kenneth Kaunda, both of whom are working to help solve the Angolan crisis.

Inevitably, the impression in Lisbon is that Angola's independence must come on the date fixed. Portuguese troops will be withdrawn according to the Alvor schedule, and that Portugal wishes to wash its hands of the affair before wholesale civil war can break out. The knowledge that Portugal's army is wholly unprepared to fight for peace in Angola is the basis for the argument of withdrawal as soon as possible. But against it is the problem of the half million white Portuguese left in the territory, and the effect of their panic evacuation on metropolitan Portugal, on an already tense and unstable situation.

Guinea Bissau, Mozambique and Cape Verde have by contrast been straightforward handovers.

Economically, Portugal has, however, to bear a huge burden at decolonisation. On the one hand, the country is still paying off the debts of the African wars. On the other hand it must now shoulder the debts of colonialism, since neither Guinea Bissau nor Mozambique have either the hard cash or the intention of taking up Portugal's colonial debts themselves.

At the same time, with austerity a key policy in the newly independent African countries, Portuguese exports to Africa will suffer in the short term.

However, the most striking fact to emerge from under the blanket of fascist propaganda is the lack of development in the Portuguese colonies. For the Africans themselves, this was reflected in shockingly low literacy, nonexistent health services outside major cities and an almost total complete absence of an African middle class.

For Portugal, the colonies supplied little stimulation to the home country's industrial

development. Mozambique's immense mineral resources went untapped, and agricultural development — sugar, sisal, tea, cashews — is overwhelmingly in the hands of foreign, mainly British and South African, companies. Only cotton came back to Portugal at compulsory low prices to feed the home textile industry. But the chronic Mozambique payments deficit three years ago forced revision of the compulsory Portuguese purchasing system and the textile industry's protection racket ended three years ago.

In Angola, the pattern is similar. Diamonds are for De Beers, coffee is sold direct on to world markets frequently through foreign intermediaries, most mining, agro-industrial and trading concerns of any size are under foreign control.

Independence will therefore not be depriving Portuguese industry of cheap raw materials, of huge overseas investments likely to be nationalised, of vast colonial markets. Portugal's only sizeable investment in Africa was its people and its decade of colonial warfare.

But Lisbon must now wrestle with the huge debts it has to shoulder. In Mozambique, official Portuguese sources put the debt package plus Portuguese nationalised assets being handed over to the Frelimo Government as high as £1.1bn. This includes £527m. for the Cabora Bassa Dam, a payments deficit of an accumulated £100m.

Commercial debts, vast sums in suppliers' credits covering infrastructural investment in roads and airports linked to the colonial wars.

In Angola, the situation is still extremely confused. Nationalisation of banks and insurance companies has by extension nationalised most Angolan banks and finance houses, just as occurred in Mozambique. But given the politically opposite views on State ownership of FNLA and MPLA, nobody to-

day knows how to resolve the handover. Again, whereas Mozambique's chronic underdevelopment made it completely unfeasible to expect the independent Government to take on colonial debts, Lisbon is rather desperately hoping the Angolans will agree to take on at least part of Portugal's Angolan debt burden, since Angola's balance of payments is in considerably better shape than that of Portugal itself.

On a world level, African decolonisation, and the long forging of MFA ideology in the jungle camps of Guinea Bissau, Mozambique and Angola, place the armed Forces Movement in a unique position as regards foreign relations with the rest of the world. The end of the colonial era has meant the end of Portugal's diplomatic isolation, while the socialism chosen by the MFA for Portugal has both cheered the non-aligned and Soviet blocs and frozen the welcoming smiles of the Nato allies.

Armed Forces' officers maintain their aim is national independence. Many feel the Nato alliance is an unhealthy compromise for a socialist country, yet more perhaps value the Nato forum as a point of contact with Western Europe and a means of re-affirming Portugal's Western European identity.

Much of the polemic about Portugal's place in the world is the natural outcome of the traumas of decolonisation, of finding oneself part of a small country instead of a large empire. But the polemic also centres around the refusal to see the world in cold war terms.

Whether this view eventually triumphs will depend inevitably on Portugal's own political future: as a living struggle between Communist and non-Communist forces, Portugal is a test case in the eyes of the anti-Communist West.

Jane Bergerol



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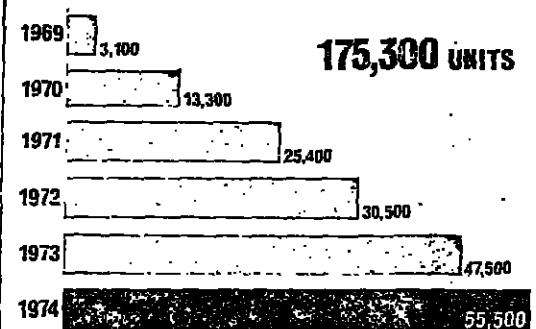
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PORTUGAL VI

Industry at the crossroads

THE CONFEDERATION of a reasonable standard, despite Portuguese Industry is holding a major conference this month for its thousands of members first quarter of 1975 are substantially similar to the same platform of industrial problems and discuss the future of the country. It will be a gloomy session with stories of imminent bankruptcies, of fleeing technocrats, of purged management and militant unions and workers' committees. But in an important sense it will also be the first time Portuguese industry has been able to take a long, hard look at itself since the revolution, and start concrete discussion of its future within parameters now fairly clearly defined by the Government.

In the 15 months since the revolution, few companies have actually closed their doors. Even the crisis-ridden textile industry managed to keep its order books fairly full until around March of this year. It is since then that the "international boycott" as it is called here of Portuguese export companies, has really begun to squeeze.

The other cornerstone of industrial development, the Sines Petrochemical Complex, is to be pushed ahead by the Government despite its high capital input and low job creation. Eventually Sines will form a new industrial centre south of Lisbon, attracting around 100,000 workers and their families to the area, and will include a deep water port for tankers up to 500,000 d.w.t. servicing the refinery scheduled to go on stream in August, 1978. A 300,000-tonne-year ethylene cracker will also hopefully enter production at that time, later completed by plants producing low and high density polyethylene, polypropylene and PVC. Since the wave of nationalisations, most of the project is now in Government hands, but foreign participation amounts to about 29 per cent, and around 20 per cent of capital is to be raised from public subscriptions.

Altogether \$500m. in investments—and with inflation in mind—can be poured into Sines: a lot of money for the creation at the end of 1,900 jobs. However, Ministry officials point out that many more jobs will be involved during the construction phase over the next five years—and at a time when the construction industry is in severe crisis.

Most building in Portugal before April 25 was ordered by private developers with the State accounting for only around 15 per cent of the market—a very small share compared with France or Britain. This is gradually changing and the Government has injected substantial sums into construction this year, both to refuel the building industry and to provide a partial answer to Portugal's acute housing shortage. Some of this cash is now beginning to result in renewed work on site, but it has been a slow start and it is to be hoped more money will be made available in the near future to re-inspire confidence in the building sector and get private investors moving back into the market.

Investment

Endless

Unfortunately for Portugal, international confidence ebbed as fast as socialism grew here, and coupled with a world economic depression and the end of cheap labour inside Portugal, the results have been little short of disastrous. To-day Ministers and Secretaries of State are hardly ever at their Lisbon desks but are out on endless sales tours of Eastern and Western Europe.

Nonetheless, some industries have managed to maintain orders and keep a burnished image on world markets. In particular Portuguese shipbuilding has continued to build its reputation. Both Lisnave and Setenave have well filled order books despite the world shipping crisis. Lisnave is also on contract to build shipyards in Brazil and Bahrain, after competing with many other companies. Productivity at the yards has been subject to some fluctuations—mainly in the euphoria generated by freedom to strike last April and May 1974. But to-day workers have settled down and Lisnave recently cut time on a repair job to eight days instead of the customary 12-14.

Shipbuilding and repairing is one modern competitive sector where Portugal is high in world stakes. Textiles is another. At the same time as the country contains thousands of small family textile businesses still operating on a craft basis, it also has a growing number of modern mills, and these have generally kept turnover up to

practical terms it means that the tourist industry has to survive perhaps 12 months with a much reduced cash flow and substantially fewer employment opportunities. The potential strain is obvious. It is open to doubt whether the tourist industry workers, or their unions, are going to be happy with a substantial downturn in employment when the summer rush is over. But if they react in any major way this is likely to further delay the inevitable recovery. This is going to need delicate handling from all sides when the crunch comes, which will probably be in September or October.

Hesitant tourists

WANDER THE smooth beaches and sample the balmy pleasures of Portugal's tourist resorts at the moment and you would believe that nothing has changed in the nation for a thousand years. Here is still the land of welcome, of good food, of superb weather and of pleasant company. But why, at the locals ask you, why aren't tourists coming? Basically tourists the world over are almost totally disinterested in politics. There are, of course, some who will never visit Spain, Bulgaria, Chile or China because they are opposed to the Governments in power, but they are in such a minority as to be ignored in statistical terms. Basically tourists are simply interested in security—the knowledge that they can reach their destination when they choose, move about as they want, walk the streets at night without risk of injury, and leave for home when their tickets tell them. Any country which offers potential delay, inconvenience or, above all, danger, to the tourist will be dropped like a hot potato.

Politics and tourism make a bad mix, and two recent conversations illustrate the problem. Last week-end an Algarve restaurateur looked at his waiting tables and said simply: "We have had our revolution, and now we must pay the price." And in Jamaica a Government Minister remarked: "No, I do not want tourism to be of prime importance in our economy. Reliance on tourists restricts your opportunity for progress."

In tourist terms, therefore, Portugal's problem is to get through the next year, and that is not as easy as it sounds. The holidaymakers are not going to return in force until they see some continuous run of calm and, unfortunately for Portugal, that will mean rather more calm than would be expected of other countries. Recently, for example, air traffic controllers in Portugal have been working to rule, a practice not unknown elsewhere in Europe, but one which at the moment is likely to be blamed on factors other than normal industrial dispute by visitors to Portugal.

The calm need only last for a few months because tourists have remarkably short memories. The street riots of Paris in the late sixties, the Greek political turmoil, the Maltese East European worker organisations with Britain—all produce dramatic short-term effects in tourist traffic. But the accent was on the words "short-term".

This is all very well for the outsider, or for the overall all this can be achieved without policy maker, to say. But in disturbing the long-established

Normal

pattern of Portuguese tourist development which has concentrated on low rise buildings and a style of architecture which does not clash too badly with traditional buildings. Most welcome in Britain will probably be the easing of rules on charter flights. For many years now charter operations into Portugal have been limited, partly in order to preserve the protect the interests of the national airline, TAP. At the moment the main operators into Portugal are people like Harry and Rene Chandler's Travel Club, which has probably been Portugal's staunchest supporter over the years. British Airways via its four operating subsidiaries, and more recently Horizon Midlands which seems to have found a remarkably popular product in its Portuguese holidays and is one of the new darlings of the Portuguese travel industry.

Several other operators are now negotiating with Lisbon and it seems likely that many more of them will be offering Portuguese holidays in the coming months. At the moment, of course, Portugal is not exactly bursting with hotel rooms by international standards. The entire international standard (rooms with baths, telephone, etc.) bedstock of the Algarve is probably less than some individual Spanish resorts. So there is no prospect of Portugal becoming a mass destination in the immediate future.

Low-price

But things are already looking brighter. Mr. J. M. de Almeida Reis, deputy director of the Portuguese National Tourist Office, says there has been a major upward surge in bookings for Portugal since the late Spring. He argues that this surge will continue through the summer and into the winter "when we will be launching a new series of low-price package holidays."

TAP is carrying more people to Faro than in the past and British Airways says its traffic has recovered substantially with figures now almost level with last year.

Mr. Chandler says: The Algarve is ideal holiday country at the moment. Because of the roads are almost empty and prices show hardly any rise over those of last year. Although our overall bookings are down 30 per cent on 1974, we are completely full for mid-July onwards through August. There is still some room in September, but we expect this month to book up fully too.

Arthur Sandles

EXPORTING PORTUGUESE EXPERTISE

Portuguese Firm Awarded Important Dewatering Contract for Bahrain Shipyard

Sondagens e Fundações A. CAVACO LDA,

a well-known Portuguese Company specialising in ground water and soil survey operations has been awarded the Dewatering Contract for the new dry dock in Bahrain by ASRY—Arab Shipbuilding and Repair Yard.

The firm of A. CAVACO has only recently completed the dewatering of the dry dock at the Setubal yards of Setenave—one of the biggest dewatering jobs ever carried out in the world for size of excavation and amount of water pumped. It took two years to complete this operation.

The project in Bahrain has been designed by A. CAVACO's Planning Department and will be executed by their own Portuguese technical staff, co-operating with skilled local personnel from Bahrain.

Joint Consulting Engineers for the project are GIBB-PROFABRIL, an association of Sir Alexander Gibb & Partners, of London, and Profabril, Centro de Projectos S.A.R.L. of Lisbon.

The dewatering work will start in August 1975, and will go on for four months, when the dewatering of the excavation should be complete.

Under the terms of the Contract A. CAVACO will continue to oversee the operation for about three months after the completion of the dewatering work, but the installations must safeguard the maintenance of the requisite dewatered levels throughout the estimated construction period of two years.

The award of the contract is clearly a resounding victory for the esteem in which Portuguese planning and engineering techniques are held internationally, as the choice of firm was only made after rigorous selection among world-renowned companies in this highly specialised field.

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HOTELS--Continued[illegible]

INDUSTRIALS-Continued

"Recent Issues" and "Rights" Page 15

Monday July 7 1975

Giro makes its first profit in six years

BY MARGARET REID

GIRO, the State-owned cash transfer concern run through the Post Office, is believed to have moved out of loss-making in 1974 for the first time—more than three years ahead of its target break-even date in mid-1977.

In the next few weeks it will be announced that private the 12 months to March, 1975 the service made the first profit of its six-year life, compared with loss of £4.1m. in the previous year.

The improvement in Giro's results owes something to high interest rates which last year boosted revenue from the deployment in the money market of the service's short-term cash balances, exceeding £140m.

But a more important factor in rising earnings from the steady build-up in the service's use by major commercial customers, particularly those with extensive chains of High Street branches. To such groups, the ability to pay money into the 22,000 Post Offices through which Giro operates—notably on Saturdays and on late afternoons when the banks are closed—has proved an attractive arrangement.

This progress provides a fitting

prelude to the next stage in the development of Britain's State money transmission service—the promised cancellation of some of the £34m. deficit accumulated since 1968 and its partial replacement by a new equity or "public dividend" capital.

The capital move was fore-shadowed a few months ago by the former Industry Secretary, Mr. Anthony Wedgwood Benn, and it promises to launch Giro on a new phase of its existence, following the effective ending of the deficit well in advance of the time expected, three years hence.

Contributing to the loss in 1973-74 had been a £3.1m. provision for a drop in the value of investments, leaving £1m. as the "trading loss," itself a marked improvement on the corresponding figure of £4.1m. in 1972-73.

Because of the rally in the Stock Market in the early months of 1975, some appreciation in the value of the Giro's investments will be included in the 1974-75 accounts by contrast with the £3.1m. provision for a fall in the previous year. This has helped towards the expected overall 1974-75 profit.

Use of the service, particularly by retailers with a large network of branches, has been actively developed by its present chief, Mr. Alfred Singer, himself formerly in retailing as financial director of Tesco Stores (Holdings).

Woolworth is one of the big store chains which has switched to the Giro service, and other companies with widespread outlets, including Prudential Assurance, also use it considerably. Rent collection for the Greater London Council, and other local authorities, including Manchester, is another Giro service much expanded recently.

Giro, started in 1968 and considered for winding up at one stage in the early days of the 1970-74 Conservative Government, has with nearly 500,000 account holders, not yet grown to the scale of its continental counterparts.

The more its activities expand, the better will be its absorption of overhead costs and so the improvement in prospects for future profitability. A recent development which could increase individuals' use of the service has been the introduction of personal loans.

Doctors reject phasing-out of private beds

BY OUR LABOUR STAFF

Delegates representing 30,000 hospital doctors yesterday rejected the Government's decision to phase out private beds from National Health Service hospitals.

They also condemned an interim plan to deal with allegations of "queue-jumping" by fee-paying patients, which involves introducing a common waiting list for public and private beds in the NHS.

The reactions to Government policies came at a conference of the British Medical Association's doctors in Leeds. They were immediately condemned by leaders of health service trade unions.

The debate came on the eve of the BMA's annual meeting which is certain to produce more condemnation of the Government's treatment of doctors over the last year. The private practice controversy is only one of a number of issues which have caused a 35 per cent. salary rise in April.

This week will see accusations by junior doctors that Mrs. Barbara Castle, Secretary of State, is reneging on a commitment to give them a 40-hour working week from the autumn; discontent over the

breakdown of negotiations on consultants' contracts; calls for the BMA to "act like a trade union"; and demands for a doctors' closed shop.

Yesterday, Dr. Walpole Lewis, chairman of the BMA council, said that the phasing out of pay beds was only a preparation for the dismantling of the whole private health sector.

Militants
Dr. Clifford Astley, chairman of the BMA doctors' committee, said that when pay beds were out of the NHS "the unions will take over." They will block the private hospitals and make specious arguments about the drainage of resources from the service.

However, the BMA, which does not represent all Britain's doctors, will also be considering this week how to bring militant breakaway organisations back to the fold. It also faces mounting opposition from doctors who dislike what they see as "unprofessional" demands for strict working hours and who have resisted calls for industrial action during the last year.

This discussion preceded severe tactical splits recently, and fears by some BMA leaders that the Association's whole future is in danger.

Early decision expected on NVT investment

BY ARTHUR SMITH

HOPES ARE mounting that there will be an early decision on the urgent appeal by Norton Villiers Tripartite for the Government to invest a further £50m. to £60m. in the company.

The first report of a study into the future of the U.K. motorcycle industry, commissioned by the Department of Industry and carried out by the U.S.-owned Boston Consulting Group, is expected to be completed by the end of this week.

Mr. Eric Varley, the Industry Secretary, has refused to take a decision about NVT until he has seen the report.

Moreover, whether the Government feels free to enter into any commitment without NVT may depend upon the success of negotiations with the TUC about pay restraint and consequent decisions about public spending.

Mr. Denis Poore, chairman of NVT, was "pessimistic" last night about the prospects of Government investment. "So far we have had no constructive proposals from the Department of Industry," he said.

A serious situation faced the company. "In the absence of Government support it will not be possible to have three factories producing motorcycles—that is the NVT unit at Birmingham and Wolverhampton plus the Meriden co-operative.

About 3,500 jobs were threatened at the NVT factories, component suppliers and the unit itself and more than 7,000 jobs in the Midlands would be at risk. "I only hope that the Industry Secretary and the Cabinet are

aware of the issues," Mr. Poore said. One of the first decisions of NVT, which was formed two years ago with nearly £5m. of Government money, was to close the loss-making Triumph works at Meriden—subsequently re-established as a co-operative.

Mr. Poore has said consistently that a three-factory set-up would need at least £35m. investment in new equipment and models to remain viable.

The crisis point for the industry has come with the collapse of the American market, which accounted for more than 70 per cent. of British output.

Mr. Poore said that a decision would be taken about short-term working, or possible redundancies until the annual holidays, which begin on July 25. "What happens after that will depend upon the Government's decision."

The fact that the Export Credit Guarantee Department refused to extend to NVT a £5m. line of export credit, which expired on June 30, has been taken as a pointer that Mr. Varley may not take a sympathetic view of the NVT appeal for further investment.

MPs likely to back Commons broadcasts
BY ARTHUR SMITH

A CONFIDENTIAL prediction of an overwhelming vote by MPs in favour of broadcasting the proceedings of Parliament on a permanent basis was given yesterday by Mr. Ed. Boyle, political editor of Independent Radio News.

Many opponents of the idea of broadcasting had been converted during the four-week experiment just ended and the venture had been well received by Parliamentarians, he said. Fears raised by MPs—particu-

larly about the problems of editing material—had not been realised.

Background noise while Ministers were speaking had resulted from technical problems and could be dealt with.

Both IRN and the BBC are submitting their views of the experiment to the Commons Select Committee on Broadcasting, which will make recommendations to Parliament. A full debate of the issue is not expected until October. Editorial comment, Page 12

Callaghan flies to Zaire to-morrow

BY OUR FOREIGN STAFF

MR. JAMES CALLAGHAN, the Foreign Secretary, will arrive in Zaire to-morrow evening to discuss the future of Ugandan-British relations, the Foreign Office announced yesterday.

Specifically, he will discuss with President Mobutu, who is acting as mediator between the two countries, the future of Mr. Denis Hills, now that Mr. Hills has been granted "clemency" by General Amin.

But Mr. Callaghan is flying to Zaire basically to get an appointment with President Mobutu's offices with Gen. Amin. Whitehall does not believe that any improvement in Ugandan-British relations can be achieved through third parties.

OAU chief
Mr. Callaghan will want to discover from President Mobutu how serious Gen. Amin is when he said last week that Zaire was the only channel through which Ugandan-British relations could be conducted.

President Mobutu is understood to have given assurances to the British Government that

Gen. Amin will be available for Mr. Callaghan to see, if he flies on from Kinshasa to Kampala.

But shortly after the Foreign Office announcement of Mr. Callaghan's trip, Uganda Radio reported that Gen. Amin would fly to Somalia to-day to meet President Siyad Barre, the retiring chairman of the Organisation of African Unity which is to meet in Kampala later this month.

General Amin is due to become the next chairman of the OAU, although some African Heads of State have suggested that he should be replaced by someone else.

Uganda Radio said that Gen. Amin would be away for a couple of days in Somalia during which he would take time off to fly somewhere in the Indian Ocean to meet friendly people who are totally committed to the complete liberation of southern Africa.

If that only takes a couple of days, the general could still be back in Kampala to see Mr. Callaghan on Wednesday or Thursday.

Rights issues and shareholders

Almost everybody's doing it: but perhaps that makes it a good time for going over the arguments for not having a rights issue. It is not so long, after all, since rights issues were regarded as usually a bad thing, involving something which used to be described as dilution. And for the financial sector in particular, any suggestions in the Press that a company was contemplating approaching its shareholders for funds tended to produce a hostile response, as though the company's very viability had been called into question.

At present, in striking contrast, it takes a very strong-minded finance director to stand out against the trend. Having very likely been scared stiff by what happened to the liquidity of his own and other companies during 1974 he will be determined not to get into anything like the same predicament again. His merchant bankers and brokers will be constantly reminding him of their ability to produce around a fifth of his company's market capitalisation in cash should he give the go-ahead.

Pressures
Moreover there may be severe competitive pressures to follow the path of rivals in a particular sector, where market share may be increasingly at stake. This is true in insurance, for instance, where only Royal, General Accident and Eagle Star of the major companies have not had rights issues within the past year, and where the Prudential and Legal & General are bidding for expansion in general insurance on the back of new money. A similar position might arise in banking should any of Lloyds, Barclays or NatWest take the plunge.

Yet there are companies standing out against the tide. Redland had a rights issue, but Marley adopted an alternative policy of loan finance. In mail order Empire Stores' call on shareholders as part of a plan to raise market share contrasts with the apparent willingness of Gratton to see volume fall back. And last week English Property announced its £15m. Convertible in preference to disposing of investment properties "which we would prefer to retain" only to be followed next day by Land Securities' statement of its intention to finance the development programme "from the sale of selective investment properties."

English Property in fact argues that its policy is not really different—it has disposed of 25 per cent. of its U.K. portfolio since late 1973 against 10 per cent. or so in the case of Land Securities. But not only has the latter not had an issue, it has actually been buying in existing Convertible—as GEC has on a larger scale, the £54m. spent in this way during 1974-75 being responsible for a quarter of the growth in fully diluted earnings per share.

As for the City, there is a general feeling that it is a good thing for money to be raised for industry, and that the stock market is somehow superfluous if it is performing nothing more than its basic function of allowing people to buy and sell securities. But it is just as wrong for the City to play the numbers game with capital issues, without regard to the

and where borrowings might over prudent limits. But no record indicates that all over companies use the cash either to finance excessive high-risk expansion or to make up for the deficiencies of the existing rate of cash generation.

The difficulty is that there are no accepted ways of measuring the way shareholders' interests are being diluted. It is hard to talk about asset dilution: property values are discredited and as for earnings, they are declining anyway for most companies; inflation accounting is still an undeveloped art which does not figure at all prominently in rights issue documents. There is a tendency to fall back on spurious arguments, such as that companies are somehow doing their shareholders' favour by taking money from them and paying it back as increased dividends. In fact most of the recent capital raises, like Metal Box or BOC, have an unrecovered ACT problem any case.

Financial sector
For companies with large overseas interests—and English Property, BOC, Bowater and RTZ would all come under the heading, with others—there is largely unspoken justification for having rights issues in the U.K. This is that in order to hold on to their increasing valuable (in sterling terms) overseas investments, and avoid having to raise overseas earnings, it may be worthwhile to raise cash in the domestic market to cover dividends over the next few years and to maintain the parent company's capital base. This is rarely argued out in detail, but in times of threatened hyperinflation it could certainly be held to be in the shareholders' long run interests.

Among domestic companies, however, the dilemma is no longer where more acute than in the financial sector. As Mr. Joseph Hambro put it in his chairman's statement last week, inflation has a particularly serious effect on "financial institutions whose assets are mostly in monetary form." For them there is no stock appreciation tax relief. Only the Bank of Ireland has admitted that inflation adjusted earnings were nil. Yet the Financial Secretary has made a disproportionate claim on the availability of new capital.

The right reason for having a rights issue is to allow a company to take advantage of growth opportunities which cannot be financed out of retentions.

likely return on say £15bn. of new equity money this year, as it is for politicians to regard capital investment as a good in itself and not as a cost.

Consider the following list of companies: Triumph Investment, Western Credit, W. and C. French, Boris, British Leyland, Downgate and General Shipyard Automation. They are all companies which had rights issues in the last wave during 1971 and 1972, and such firms appear to have demonstrated more than average accident proneness. Other larger companies in the same category like Lyons, Lucas and Provident Financial have shown poor subsequent price performance without actually getting into serious trouble.

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TUC meets over £6 flat rate

BY JOHN ELLIOTT, LABOUR EDITOR

UNION leaders meet this morning in an emergency session of the TUC Economic Committee to prepare the way for the TUC to adopt flat-rate rises of £6 a week as its official policy for the coming year.

They will be presented with a draft TUC policy statement which contains new social contract wage guidelines based on £6 a week, with the higher paid—possibly those on £10,000 a year—receiving nothing.

Union leaders also want strict price controls, including a freeze on some key prices, and a Government agreement to the fixing of a specific reduction in unemployment next year with the aim of bringing the level down to 500,000.

The £6 is in line with the Government's 10 per cent. inflation target set last week by Mr. Denis Healey, Chancellor of the Exchequer, and the proposed policy statement marks the

TUC's bid to ward off a statutory anti-inflation policy. The £6 figure would be reviewed, probably after six months, to test how well prices had come down towards the 10 per cent. target.

Even though there is a strong body of trade union opinion against the plan, it is due to be recommended to a special meeting of the TUC General Council on Wednesday, where it seems set to receive overwhelming endorsement in spite of the out-right opposition to wage controls of some unions such as the Engineers.

The £6 basic increase is intended to be the most that any worker would receive, and this will also lead to an outcry from Civil Service and other public sector workers who will see pay from incremental scales in addition to general rises. There will also be opposition from teachers' and other craft and white collar groups who do not want pay differential upset by a flat-rate norm.

TUC leaders hope that Wednesday's meeting will agree to the wages statement being passed on to the Government immediately as official TUC policy, subject to endorsement at the TUC's annual September Congress, where the policy's opponents may be able to muster about a quarter of the TUC's 10m. votes.

But the pressures of foreign confidence on sterling presents Ministers waiting until September to assess the chances of the policy succeeding and they will in fact attempt to determine the chances of success by Wednesday night in advance of the Chancellor's anti-inflation White Paper due by the end of the week.

TUC leaders hope that the Government will accept the decision of the General Council, on Wednesday as being sufficient to make it unnecessary to introduce statutory controls, which would mean that the wages paid out by companies would be policed through the Price Code.

Continued from Page 1

Wilson appeal

Such a composite is likely to attract the support only of the 11 key Derbyshire delegates, who appear to hold the balance of power between the votes already committed to the militant and moderate factions—if it embodies the spirit of an amendment from the militant Kent area.

This amendment seeks to harden the North West motion by deleting a statement that the £100 "may not be attainable in one round of negotiations."

Derbyshire delegates decided last night to abstain in the vote on the Yorkshire resolution. But it, as some moderates' delegates have urged, the Kent amendment is withdrawn, they will reconsider that decision.

Should Derbyshire abstain, all eyes would be on the Midlands area delegates who—although mandated to support the York-

shire resolution—may yet switch their allegiance at the last minute, as they did a year ago, when they swung the conference behind the moderate line.

In the light of these deep divisions, it is quite possible that all the pay resolutions could be defeated, leaving the NUM executive to draw up a statement on wages to put to the conference.

NUM moderates are understood to be considering moving an emergency resolution supporting the moves for a revamped social contract.

But at the same time they are due to come under attack in an emergency motion from the militant Scottish miners, who will seek to persuade the conference to oppose any restriction on free collective bargaining, including the Government's proposed 10 per cent. limit.

Continued from Page 1

Cabinet chooses

very closely with Ministers for some weeks.

The most likely, although by no means certain, candidate for resignation is believed to be Anthony Wedgwood Benn, the Energy Secretary, who sees himself as the leader of the Left.

The Government believes that for any emergency legislation to go through Parliament Labour will need some support from "incomes policy" Tory MPs as well as Liberals and some of the Nationalists.

It feels that the White Paper is bound to produce protests from the Tribune group of Labour MPs and a few others in the important trade union group, but that their revolt on any Commons vote will probably be smaller than the noise they create.

Meanwhile, a meeting of the Parliamentary Labour Party will be held to-morrow for MPs to give their views to the Chancellor.

Seven Left-wing members have secured an emergency session of Labour's National Executive on Wednesday to consider the emergency situation. Mr. Healey will attend.

Mrs. Margaret Thatcher, the Conservative leader, in a week-end speech indicated that the official Opposition's conditions for agreeing to any emergency measures were being tightened.

She attacked the idea of penalising employers without also penalising workers and said that if the Government tried to fudge and avoid the country's major economic problems, "then we must be resolute enough to refuse more delay."

Basle talks to cover anti-inflation bid in U.K.

By Michael Blanden

PROSPECTS FOR fundamental reform of the monetary system and the position of the U.K. after the Government's anti-inflationary measures are the main points which are likely to come up for discussion at the Basle meeting of central bank governors to-day and to-morrow.

The talks will be the last before next month's annual meeting of the International Monetary Fund in Washington where developments in monetary reform will be reviewed.

Last month, the second meeting in Paris of the interim committee set up last September to examine the problems involved failed to reach agreement on the three basic points under discussion.

These points were: An increase in the quotas of IMF members; the future role of gold in the international monetary system; and the question of establishing formal rules to govern the floating of currencies. The issue which has proved difficult to resolve is the role of gold, where France and the U.S. continue to disagree.

Last week's auction of 500,000 ounces of gold by the U.S. Treasury, where European buyers dominated the purchases, was in line with the U.S. approach of reducing the role of gold in international affairs.

Apart from examining these general issues ahead of the IMF meeting, the governors are likely to consider the position of individual currencies, particularly sterling.

Mr. Gordon Richardson, Governor of the Bank of England, is likely to explain the recent developments in the U.K. Following the drop in the average value of sterling to all-time lows, the Government's plans for restraint on incomes in order to bring the level of inflation under control have restored calm to the exchange markets.

Towards the end of last week sterling was holding its own but the markets are expected to watch closely the details of the new policy to be announced in this week's White Paper.

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